DEUTSCHE
PFANDBRIEFBANK

Disclosure Report

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

as at 30 June 2024

Deutsche Pfandbriefbank Group

Overview

Deutsche Pfandbriefbank Group ("pbb Group")

EU KM1: Key parameters

		a	b	c	d	e
All figures in € million, unless otherwise stated		**30.06.2024**	**31.03.2024**	**31.12.2023**	**30.09.2023**	**30.06.2023**
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	2,934	2,854	2,910	2,695	2,775
2	Tier 1 capital	3,232	3,152	3,208	2,992	3,072
3	Total capital	3,562	3,511	3,604	3,409	3,518
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	20,925	18,829	18,495	17,766	17,297
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	14.0	15.2	15.7	15.2	16.0
6	Tier 1 ratio (%)	15.4	16.7	17.3	16.8	17.8
7	Total capital ratio (%)	17.0	18.6	19.5	19.2	20.3
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.0	3.0	2.5	2.5	2.5
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.7	1.7	1.4	1.4	1.4
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.3	2.3	1.9	1.9	1.9
EU 7d	Total SREP own funds requirements (%)	11.0	11.0	10.5	10.5	10.5
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.72	0.76	0.68	0.67	0.55
EU 9a	Systemic risk buffer (%)	0.12	0.07	0.07	0.07	0.07
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.34	3.33	3.25	3.24	3.12
EU 11a	Overall capital requirements (%)	14.34	14.33	13.75	13.74	13.62
12	CET1 available after meeting the total SREP own funds requirements (%)	6.0	7.7	9.0	8.7	9.8
	Leverage ratio					
13	Total exposure measure	45,482	49,373	51,521	48,667	48,594
14	Leverage ratio (%)	7.1	6.4	6.2	6.1	6.3
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up 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 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
	Liquidity coverage ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	3,551	3,443	3,748	4,094	4,719
EU 16a	Cash outflows - Total weighted value	2,119	2,185	2,210	2,225	2,327
EU 16b	Cash inflows - Total weighted value	700	667	624	467	425
16	Total net cash outflows (adjusted value)	1,418	1,518	1,585	1,759	1,902
17	Liquidity coverage ratio (%)	281	249	255	237	254
	Net stable funding ratio					
18	Total available stable funding	38,204	38,527	39,342	38,985	39,210
19	Total required stable funding	33,338	35,288	35,311	34,105	34,488
20	NSFR ratio (%)	115	109	111	114	114

Note:

In accordance with Article 19 No. 4 of Regulation (EU) 2021/637 (Pillar 3 framework), the monetary values in the Disclosure Report of the pbb Group are shown in millions of euros. The figures are commercially rounded. Due to rounding, the totals shown in the tables may differ slightly from the arithmetical totals of the individual figures shown. Individual figures of less than € 500 thousand are generally not shown due to commercial rounding; these are shown as zero or as zero balances with a dash. When disclosing information, the principle of materiality pursuant to Article 432 (1) CRR is observed.

With regard to the Capital Requirements Regulation (CRR)/Capital Requirements Directive (CRD) regulations, there is still uncertainty as to how some of these regulations are to be interpreted, and some of the related mandatory regulatory standards are not yet available in their final version. Therefore, Deutsche Pfandbriefbank AG ("pbb") will continuously adjust 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. Also, CRR/CRD metrics may not be comparable to similarly titled metrics of competitors, as their assumptions and estimates may differ from those of pbb.

Since the disclosure date of 30 June 2024, the pbb Group has used the Foundation Internal Ratings Based Approach (F-IRBA), which is hereinafter referred to as the "IRB approach (IRBA)", to determine the own funds requirements for credit risk. For a transitional period until CRR III ("Basel IV") comes into force and is approved by the supervisory authority, which is expected to be granted in the first half of 2025, the calculation of risk-weighted exposure values under F-IRBA will also be calibrated to standardised risk parameters. Insofar as statements are made in this Disclosure Report on the Advanced Internal Ratings Based Approach (A-IRBA), which was applied for reporting dates or periods prior to 30 June 2024, this is then explicitly referred to as "A-IRBA". In light of the change in the modelling approach from A-IRBA to F-IRBA, the figures reported as at 30 June 2024 are only comparable to a limited extent with the figures reported for previous reporting dates or periods.

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Introduction

Deutsche Pfandbriefbank ("pbb")

Deutsche Pfandbriefbank Group ("pbb Group") consists mainly of the parent company Deutsche Pfandbriefbank AG ("pbb"). Headquartered in Munich/Garching, pbb is a leading European specialist bank for commercial real estate finance (Real Estate Finance, REF) with a focus on Pfandbrief-eligible business. Its geographical focus is on Europe and the USA. It issues Mortgage Pfandbriefe collateralised by real estate liens and is one of the largest issuers of Pfandbriefe in terms of outstanding volume, making it an important 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 cooperation with financing partners, pbb realises both complex financings and cross-border transactions.

The shares of pbb are listed in the Prime Standard of the Regulated Market of the Frankfurt Stock Exchange. They are included in the SDAX®.

pbb is categorised as a significant supervised institution in a euro area member state under the Single Supervisory Mechanism (SSM) and is therefore directly supervised by the European Central Bank (ECB). However, pbb is not classified as a global systemically important institution (G-SII). Disclosure in accordance with Article 441 Capital Requirements Regulation (CRR) "Disclosure of indicators of global systemic importance" is not relevant for the pbb Group.

Aim of the Disclosure Report

With this Disclosure Report, pbb (LEI code: DZZ47B9A52ZJ6LT6VV95), as the parent institution of the regulatory group of institutions, implements the disclosure requirements in accordance with part 8 of the CRR for the pbb Group as at 30 June 2024.

The disclosure requirements are set out in Articles 431 to 455 CRR; additional requirements are set out in Section 26a (1) sentence 1 of the German Banking Act (Kreditwesengesetz - KWG). In order to fulfil these disclosure requirements, pbb applies the uniform disclosure formats of the European Banking Authority (EBA) in accordance with the Implementing Regulation (EU) 2021/637 (Pillar 3 framework). The reporting currency is the euro.

In accordance with Article 4 (1) No. 146 CRR, pbb is a large institution and thus implements the frequency requirements pursuant to Article 433a CRR. The relevant disclosure period for this report is from 31 March 2024 to 30 June 2024, whereby the reference period for certain tables and information may differ depending on the respective disclosure frequency pursuant to Article 433a CRR. For information required to be disclosed on a semi-annual basis, the reference period is 31 December 2023. For information required to be disclosed on a quarterly basis, the reference period is 31 March 2024.

In contrast to the Interim Report of the pbb Group, the Disclosure Report essentially focuses on the regulatory perspective. In accordance with Article 433a (1) letter b CRR, this Disclosure Report includes in particular information on

- own funds and capital ratios
- capital requirements and risk-weighted exposure amounts (risk-weighted assets, RWA)
- countercyclical capital buffer (CCyB)
- leverage ratio
- credit risk (credit risk and counterparty credit risk)
- market risk (including interest rate risk in the banking book)
- liquidity and funding risk
- environmental, social and governance (ESG) risk.

In accordance with article 432 CRR, institutions may refrain from disclosing one or more of the information specified in part 8, title II/III of the CRR if this information is not to be regarded as material or is to be classified as a business secret or as confidential. pbb has not made use of this option.

Formal procedures and regulations for the fulfilment of disclosure obligations

In addition to the Disclosure Report itself, written documentation of the rules and procedures applied as part of the disclosure process is a key component of fulfilling the Pillar 3 disclosure requirements. In accordance with Article 431 (3) CRR, the pbb Group has implemented formal procedures and rules to ensure the fulfilment of disclosure requirements and their appropriateness in accordance with the CRR, and has documented this in a disclosure guideline. The guideline describes all material, inherent principles of disclosure in accordance with Part 8 of the CRR, such as the type and scope of disclosure, including the use of disclosure waivers, the appropriateness of disclosures, the disclosure medium and disclosure deadlines, the frequency of publication, responsibilities and the integration of the disclosure process into internal bank workflows and structures. In addition, the Disclosure Policy contains guidelines for the regular review of the appropriateness and suitability of the disclosure practices practised within pbb Group and the defined disclosure standards and processes. The Disclosure Guideline is regularly reviewed and adapted to current market requirements.

As part of the disclosure process, pbb Group has installed various control procedures to check the disclosed data for completeness, accuracy and appropriateness. The business processes and regulations implemented for disclosure are also subject to regular monitoring by the internal audit department and review by auditors. The Disclosure Report itself is not audited by pbb Group's auditors, which is why the Pillar 3 disclosures in this report are not audited.

The Disclosure Report is approved by the entire Management Board of pbb. The certificate of the Management Board pursuant to Article 431 (3) CRR can be found at the end of this Disclosure Report.

Means of disclosure

In accordance with article 434 CRR, the Disclosure Report is published as a separate report on pbb's website (www.pfandbriefbank.com) under Investors / Mandatory Publications / Disclosure Report pursuant to Part 8 of the CRR. The ECB, Deutsche Bundesbank and the German Federal Financial Supervisory Authority (BaFin) will be notified by pbb of the date and medium of publication.

Area of application

In accordance with article 13 (1) CRR, the Disclosure Report includes the disclosure on the basis of the consolidated situation of the pbb Group. Additional disclosure on an individual institution level or on a sub-consolidated basis in accordance with Articles 6 and 13 CRR is not required for pbb as the parent institution of the regulatory banking group. pbb is itself an EU parent institution in accordance with Article 4 (1) No. 29 CRR.

The basis is the regulatory scope of consolidation in accordance with Articles 18 to 24 CRR. There are no differences between the regulatory scope of consolidation and the accounting scope of consolidation for pbb's consolidated financial statements (IFRS) as of the disclosure date. Disclosure on the basis of the consolidated situation requires that business relationships within the pbb Group are netted and intragroup transactions are eliminated. The regulatory values and key figures 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 consolidated for regulatory purposes can be found in the Disclosure Report as at 31 December 2023 (chapter "Regulatory and accounting consolidation", page 26 f.), table EU LI3 "Description of the differences between the basis of consolidation (by individual company) ". Compared to the end of 2023, the following changes occurred in the first half of 2024:

- In January 2024, pbb established Niagara Asset Management LLC, Wilmington, Delaware, USA, as a wholly-owned subsidiary and consolidated it for the first time for both accounting and regulatory purposes. The company is a financial institution for regulatory purposes in accordance with Article 4 (1) No. 26 CRR.

  As part of a rescue acquisition carried out with syndicate partners, Niagara Asset Management LLC redeemed a stage 3 impaired financing of pbb in March 2024 and, following the transaction, holds 21.7% of the shares in the company 161 North Clark Holdco LLC, New York City, USA, as well as a loan to another company external to pbb Group on the balance sheet. The shares in 161 North Clark Holdco LLC are accounted for by the pbb Group using the equity method. In accordance with IAS 1.54, the pbb Group recognises these shares in the balance sheet in the newly included line "Investments accounted for using the equity method". In the income statement, accounting using the equity method did not result in any material income or expenses in the first half of 2024.

- In March 2024, pbb Beteiligungs GmbH, Munich, Germany, was established, of which pbb is the sole shareholder and which has concluded a profit and loss transfer and control agreement with pbb. The company is classified for regulatory purposes as a provider of ancillary services in accordance with Article 4 (1) No. 18 CRR.

  The share capital of the company amounts to € 25,000. As pbb Beteiligungs GmbH does not currently have any assets other than the shareholder contribution, the company was not included in the interim consolidated financial statements as of 30 June 2024 due to immateriality. For regulatory purposes, pbb has made use of the regulation pursuant to Article 19 (1) CRR and excluded the company from the regulatory scope of consolidation.

- In June 2024, pbb established Alabama One Asset Management LLC, Wilmington, Delaware, USA, as a wholly-owned subsidiary. The company is a financial institution for regulatory purposes in accordance with Article 4 (1) No. 26 CRR.

  The company's share capital amounts to USD 1. As the company currently has no assets other than the shareholder contribution, it was not included in the interim consolidated financial statements as of 30 June 2024 due to immateriality. For regulatory purposes, pbb has made use of the regulation pursuant to Article 19 (1) CRR and excluded the company from the regulatory scope of consolidation.

Waiver rule in accordance with CRR

In the first half of 2024, as in the previous year, pbb utilised the relief provided by the so-called waiver rule pursuant to Article 7 (3) CRR. According to the ECB's decision, pbb, as the supervised parent company of the pbb Group, is permitted to take certain supervisory requirements into account only on a consolidated Group basis and not additionally at the level of the individual institution.

pbb continues to fulfil the requirements of Article 7 (3) CRR:

- Within the pbb Group, there are no material actual or legal obstacles to the immediate transfer of own funds or repayment of liabilities to the parent company (pbb), nor are any such obstacles foreseeable. The company which is material for the financial stability of the pbb Group, pbb, is domiciled in Germany. Moreover, pbb is the only credit institution within the pbb Group. The shareholding of pbb in the subsidiaries consolidated for regulatory purposes regularly amounts to 100% of the voting rights. In each case, pbb has a controlling influence over the subsidiary. In addition, the existence of a formal Group-internal decision-making process for the transfer of own funds between pbb as the parent company and superordinated institution of pbb Group and the subsidiary enables an immediate transfer. In the first half of 2024, as in the previous year, there were no transfers of own funds or repayments of liabilities within the meaning of the regulatory content of article 7 (1) letter a CRR.

- pbb Group has an integrated risk management system which covers the entire Group, including pbb and its subsidiary which is included in the regulatory scope of consolidation of pbb Group. The Management Board of pbb is responsible for the risk management system and decides on the strategies and key issues of risk management and risk organisation. The principles, methods and processes of the risk management system of pbb Group are specified centrally by pbb and are applied in pbb Group (subject to the implementation required under company law and any necessary modifications at the level of the Group company). Employees of pbb are involved in the decision-making bodies of the companies of pbb Group as members of the respective company's governing bodies, which enables sufficient involvement in all strategic decisions of pbb Group. Furthermore, this enables risk appetite and risk management to be handled uniformly in the companies of the pbb Group. In addition, pbb has a risk control unit which is responsible for the uniform application of risk management within pbb Group. This is intended to ensure that risk measurement procedures and risk reporting are standardised within the pbb Group, and that risk indicators are comparable.

In addition, pbb utilised a waiver granted by the ECB in accordance with section 2a (2) of the KWG in the first half of 2024, as in the previous year. Accordingly, pbb is exempted from applying the requirements of section 25a (1) sentence 3 nos. 1, 2 and 3 b) and c) KWG with regard to the risk controlling function for the management of risks, with the exception of liquidity risk, at the level of the individual institution. The conditions required under Article 7 (3) CRR for granting the waiver are met: There is neither an existing nor foreseeable material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the parent institution in a Member State. The risk assessment, risk measurement and risk control procedures required for consolidated supervision also extend to the parent institution in a Member State.

The pbb Group has not utilised consolidation on an individual basis in accordance with Article 9 CRR.

Own funds and assets

Own funds

This chapter shows the information pursuant to Article 437 CRR on the own funds of the pbb Group. It also contains general information on own funds and eligible liabilities (MREL).

Regulatory own funds

Regulatory own funds, which are decisive for the fulfilment of regulatory own funds requirements and thus for the capital backing of the risk types credit risk (credit risk, counterparty credit risk including CVA risk), market risk, operational risk and settlement risk, are determined in accordance with the provisions of Part 2 of the CRR. They are made up of the following:

- the Common Equity Tier 1 (CET1)
- the additional core capital (Additional Tier 1, AT1) and
- the supplementary capital (Tier 2, T2).

They are based on pbb's consolidated financial statements (IFRS), taking regulatory adjustments into account.

The following table EU CC1 in accordance with article 437 letters a, d, e and f CRR and article 444 letter e CRR shows the composition of regulatory own funds as well as the capital ratios and capital buffers for the pbb Group as of the disclosure date. The table contains cross-references (column b) to the respective item in table EU CC2 for reconciliation of regulatory own funds with the published pbb Group balance sheet or balance sheet equity (IFRS).

EU CC1: Composition of regulatory own funds

		a	b
All figures in € million, unless otherwise stated		**30.06.2024**	**Source based on reference numbers/letters of the balance sheet under 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	Reference EU CC2, line 32
1a	of which: subscribed capital	380	Reference EU CC2, line 33
1b	of which: additional paid-in capital	1,637	Reference EU CC2, line 34
2	Retained earnings	1,163	Reference EU CC2, line 35
3	Accumulated other comprehensive income (and other reserves)	-121	Reference EU CC2, line 36
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	4	Reference EU CC2, line 37
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**3,063**	Reference EU CC2, line 39
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-4	Reference EU CC2, line 40
8	Intangible assets (net of related tax liability) (negative amount)	-33	Reference EU CC2, line 41
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) CRR are met) (negative amount)	-20	Reference EU CC2, line 42
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	36	Reference EU CC2, line 43
12	Negative amounts resulting from the calculation of expected loss amounts	-	Reference EU CC2, line 44
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	Reference EU CC2, line 45
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (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 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 10% threshold and net of eligible short positions) (negative amount)	-	
EU-20a	Exposure amount of the following items which qualify for a RW 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 in € million, unless otherwise stated		(a) 30.06.2024	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) 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 where the institution has a significant investment in those entities	-	
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 insofar as 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 AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	-108	Reference EU CC2, line 46
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-129**	Reference EU CC2, line 47
29	**Common Equity Tier 1 (CET1) capital**	**2,934**	Reference EU CC2, line 48
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	298	Reference EU CC2, line 49
31	thereof: classified as equity under applicable accounting standards	298	Reference EU CC2, line 50
32	of which: classified as liabilities under applicable accounting standards	-	Reference EU CC2, line 51
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) 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	Reference EU CC2, line 52
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of 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 inflate artificially the own funds of the institution (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 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) 30.06.2024	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
41	Empty set in the EU	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**	Reference EU CC2, line 54
44	**Additional Tier 1 (AT1) capital**	**298**	Reference EU CC2, line 55
45	**Tier 1 capital (T1 = CET1 + AT1)**	**3,232**	Reference EU CC2, line 56
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	331	Reference EU CC2, line 57
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b (2) 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	-	Reference EU CC2, line 58
51	**Tier 2 (T2) capital before regulatory adjustments**	**331**	Reference EU CC2, line 59
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of the 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	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	Reference EU CC2, line 61
58	**Tier 2 (T2) capital**	**331**	Reference EU CC2, line 62
59	**Total capital (TC = T1 + T2)**	**3,562**	Reference EU CC2, line 63
60	**Total risk exposure amount**	**20,925**	

All figures in € million, unless otherwise stated		(a) 30.06.2024	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
61	**Common Equity Tier 1 (as a percentage of total risk exposure amount)**	**14.02%**	
62	**Tier 1 (as a percentage of total risk exposure amount)**	**15.44%**	
63	**Total capital (as a percentage of total risk exposure amount)**	**17.02%**	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	9.53%	
65	thereof: capital conservation buffer requirement	2.50%	
66	thereof: countercyclical buffer requirement	0.72%	
67	thereof: systemic risk buffer requirement	0.12%	
EU-67a	thereof: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	
EU-67b	thereof: additional own funds requirements to address the risks other than the risk of excessive leverage	1.69%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	6.02%	
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 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 17.65% thresholds and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	107	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	58	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	91	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Core capital

The regulatory core capital (Tier 1, T1) in accordance with Article 25 CRR consists of Common Equity Tier 1 capital (CET1) and Additional Tier 1 capital (AT1). It is based on balance sheet equity in accordance with IFRS totalling € 3,371 million, adjusted for regulatory adjustments.

Common Equity Tier 1 capital

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

As at 30 June 2024, pbb's subscribed capital (share capital) remained unchanged at around € 380 million (EU CC1, line 1a). The share capital is the capital to which the liability of the shareholders for the liabilities of the corporation towards the creditors is limited. It is divided into 134,475,308 ordinary bearer shares in the form of no-par value shares with a notional interest in the subscribed capital (share capital) of around € 2.83 per share. As in the previous year, pbb did not hold any treasury shares in the first half of 2024.

In addition to subscribed capital (share capital), Common Equity Tier 1 capital consists of the capital reserve of € 1,637 million (EU CC1, line 1b), retained earnings of € 1,167 million (EU CC1, lines 2 and EU-5a) and accumulated other comprehensive income of € -121 million (EU CC1, line 3). The interim profit generated from 1 January to 30 June 2024 (earnings after taxes: € 40 million) was recognised in CET1 after deduction of the coupon payment of € 25 million made on the AT1 capital in April 2024.

Common Equity Tier 1 capital (CET1) before regulatory adjustments amounts to € 3,063 million (EU CC1, line 6). It is adjusted by various items prescribed by the CRR for regulatory purposes; a total of € 129 million was deducted (EU CC1, line 28):

> The value adjustments due to the requirements for prudent valuation of assets recognised at fair value amounting to € 4 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 a prudent valuation of assets recognised at fair value in accordance with Article 34 CRR in conjunction with Article 105 CRR. Article 105 CRR. The pbb Group uses the simplified approach to determine these additional valuation adjustments. Institutions may use this approach if the sum of the absolute value of the assets and liabilities recognised at fair value according to the annual financial statements less offsetting options is below the threshold of € 15 billion. For the pbb Group, this value is € 3.6 billion according to pbb's consolidated financial statements (IFRS) as of the disclosure date.

> Intangible assets (mainly purchased and internally generated software) totalling € 54 million are deducted from CET1 in accordance with Article 37 CRR in conjunction with Article 36 para. Article 36 (1) letter b CRR, € 33 million is deducted from CET1 (EU CC1, line 8).

  An exception to the deduction of intangible assets in accordance with Article 36 (1) letter b CRR applies to prudently measured software assets which are amortised over a regulatory amortisation period of 3 years (but no longer than the amortisation period shown in the balance sheet). The pbb Group utilises this regulation for prudently measured software assets in the amount of € 21 million. These software assets which are not deducted from CET1 are risk-weighted in the credit risk standardised approach, risk position class "Other items".

> Deferred income tax assets totalled € 128 million. The deferred tax assets that do not result from temporary differences (after offsetting against deferred tax liabilities) are deducted from CET1 in the amount of € 20 million in accordance with Article 38 (3) CRR (EU CC1, line 10).

  Deferred tax assets totalling € 108 million resulting from temporary differences are risk-weighted in the credit risk standardised approach, risk position class "Other items".

- The cash flow hedge reserve of € 36 million still included in accumulated other comprehensive income is credited back to CET1 in accordance with Article 33 CRR (EU CC1, line 11: € +36 million).
- The item "Other regulatory adjustments" totalling € 108 million (EU CC1, line 27a) includes the following deductions from CET1:
  - Obligations from bank levies totalling € 49 million. In particular, this includes expenses for security deposits for the European bank levy to BaFin as the national resolution authority as well as payments made to the Compensation Scheme of German Banks (statutory deposit guarantee) and the Deposit Protection Fund of private banks at the Association of German Banks (BdB). A deduction obligation results from the ECB's SREP decision.
  - An amount of € 55 million for the minimum cover of non-performing risk positions (NPL backstop).

    The pbb Group has loan defaults in the amount of € 48 million, which lead to an NPL backstop in accordance with the minimum cover for non-performing exposures pursuant to Regulation (EU) 2019/630. Articles 47a et seq. CRR introduced by this regulation apply to defaulted loans and advances that were extended or increased after 26 April 2019.

    The loan defaults that lead to an NPL backstop in accordance with the ECB addendum amount to around € 1 million. The ECB addendum ("Supplement to the ECB guide for banks on non-performing loans: supervisory expectations on risk provisioning for non-performing exposures") extended the provisions to defaulted exposures that have defaulted since 1 April 2018 and therefore do not fall under the above-mentioned Article 47a et seq. of the CRR.

    In addition to the aforementioned regulations, institutions receive SREP notices from the ECB for their exposures that defaulted before 1 April 2018 (legacy portfolio), which contain NPL backstop recommendations in a slightly modified form. The legacy portfolio results in an NPL backstop of € 6 million for the pbb Group.
  - Gains and losses from derivative liabilities recognised at fair value resulting from the institution's own credit risk (Debt Value Adjustment, DVA) in the amount of € 4 million. The obligation to deduct the DVA results from Article 33 para. 1 letter c CRR.

In total, the Common Equity Tier 1 (CET1) capital of the pbb Group amounted to € 2,934 million as of the disclosure date.

Additional core capital

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

The Additional Tier 1 capital consists of subordinated bearer bonds with a total nominal amount of € 300 million and an initial interest rate of 5.750% p.a., which were issued by pbb in April 2018 and are available for an indefinite period and without redemption incentives. For accounting purposes, the AT1 capital also qualifies as Equity in accordance with IFRS, as there is no obligation to repay and service it on an ongoing basis (basically discretionary coupon), subject to certain conditions. It is recognised under the liabilities balance sheet item "Additional equity instruments (AT1)".

In April 2024, a coupon payment of € 25 million was made on the AT1 capital, which reduced retained earnings (EU CC1, lines 2 and EU-5a). For the new five-year interest period since 28 April 2023, a coupon of 8.474% p.a. applies, based - as stipulated in the bond terms and conditions - on the reference rate (five-year euro mid-swap rate) applicable on the reporting date plus 5.383% p.a.

The bonds do not have a final maturity, however, they were regularly callable for the first time on 28 April 2023 and have been callable by pbb every five years since then. In addition, the bonds are callable by pbb for regulatory and tax reasons, in each case subject to the prior approval of the competent supervisory authority. The creditors do not have an ordinary right of cancellation.

The terms and conditions of the bond also provide for a temporary write-down of the nominal amount in the event that the CET1 ratio falls below the threshold of 7.0%. The threshold of 7.0% relates primarily to the pbb Group in accordance with IFRS. In addition, the threshold also applies at the level of the individual institution in accordance with HGB, provided that pbb is no longer exempted from calculating the regulatory ratios on an individual institution basis. In addition to the above-mentioned contractual right to write-down, the competent resolution authority has the (statutory) option of converting the bonds into shares of pbb or writing down the bonds (so-called bail-in) in the event of a crisis at pbb under conditions defined in more detail by law.

The bonds establish direct, unsecured, subordinated liabilities of pbb, which rank pari passu among themselves, but take precedence over liabilities of pbb from Common Equity Tier 1 instruments. In the event of resolution measures in relation to pbb and in the event of the dissolution, liquidation or insolvency of pbb, the liabilities from the bonds will only be serviced after repayment of the supplementary capital.

No regulatory adjustments were made to the Additional Tier 1 capital.

With this issue, the Additional Tier 1 capital (AT1) of the pbb Group amounts to € 298 million (nominal amount € 300 million less issue costs of € 2 million).

Own funds

The regulatory own funds of the pbb Group, which are decisive for meeting the regulatory capital requirements and thus for capital adequacy, amount to a total of € 3,562 million (€ -42 million compared to 31 December 2023). They comprise € 2,934 million in Common Equity Tier 1 capital (+€ 24 million compared with 31 December 2023, CET1), € 298 million in Additional Tier 1 capital (AT1) and € 331 million in Tier 2 capital (-€ 65 million compared with 31 December 2023; T2).

The interim profit generated in the first half of 2024 had a positive effect on the development of Common Equity Tier 1 capital (CET1). The interim profit (earnings after taxes: € 40 million) was recognised in CET1 after deduction of the coupon payment of € 25 million made on the AT1 capital in April 2024. Another influencing factor was the overall reduction in regulatory adjustments (€ -28 million compared to 31 December 2023). As planned, pbb no longer made use of the previously precautionary capital deduction of € 30 million in accordance with Article 3 CRR as at 30 June 2024. Expectations regarding the macroeconomic environment and the situation on the property markets are already taken into account in the allowances for losses on loans and advances and the processes and methods used to determine them.

The decrease in supplementary capital (T2) results from reductions in the recognition of subordinated bonds due to daily amortisation in accordance with Article 64 CRR.

Reconciliation of regulatory own funds and balance sheet equity

In accordance with article 437 letter a CRR, the following table EU CC2 shows the reconciliation of regulatory own funds with the published pbb Group balance sheet as of 30 June 2024, in particular the balance sheet equity (IFRS). The table contains cross-references (column c) to the respective regulatory own funds item in table EU CC1.

Equity (IFRS) of the pbb Group amounted to € 3,371 million at the end of the first half of 2024 (EU CC2, line 30). For further information on the composition of equity (IFRS) and its development, please refer to pbb Group's Interim Report as of 30 June 2024 (published on pbb's website), in notes "Changes in Equity" (page 34) and 27 "Equity" (page 44).

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

All figures in € million		a Balance sheet as in published financial statements under regulatory scope of consolidation [1] 30.06.2024	c Reference
Assets - Breakdown by asset clases according to the balance sheet in the published financial statements			
1	Cash reserve	1,492	
2	Financial assets at fair value through profit or loss	975	
3	Financial assets at fair value through other comprehensive income	1,162	
4	Financial assets at amortised cost after credit loss allowances	41,971	
5	Positive fair values of hedge accounting derivatives	114	
6	Valuation adjustment from portfolio hedge accounting (assets)	-51	
7	Investments accounted for using the equity method	13	
8	Tangible assets	27	
9	Intangible assets	54	
10	Other assets	69	
11	Current income tax assets	34	
12	Deferred income tax assets	128	
13	**Total assets**	**45,988**	
Liabilities - Breakdown by liability clases according to the balance sheet in the published financial statements			
14	Financial liabilities at fair value through profit or loss	806	
15	Financial liabilities measured at amortised cost	41,074	
16	Subordinated liabilities [2]	591	
17	Negative fair values of hedge accounting derivatives	616	
18	Valuation adjustment from portfolio hedge accounting (liabilities)	-49	
19	Provisions	98	
20	Other liabilities	57	
21	Current income tax liabilities	15	
22	**Liabilities**	**42,617**	
23	Equity attributable to the shareholders of pbb	3,073	
24	Subscribed capital	380	
25	Additional paid-in capital	1,637	
26	Retained earnings	1,177	
27	Accumulated other comprehensive income	-121	
28	Additional equity instruments (AT1) [2]	298	
29	Non-controlling interests	-	
30	**Equity**	**3,371**	
31	**Total equity and liabilities**	**45,988**	
Shareholders' equity			
	Common Equity Tier 1 (CET1): Instruments and reserves		
32	Capital instruments and the related share premium accounts	2,017	Reference EU CC1, line 1
33	of which: subscribed capital	380	Reference EU CC1, line1a
34	of which: additional paid-in capital	1,637	Reference EU CC1, line 1b
35	Retained earnings	1,163	Reference EU CC1, lines 2 and EU-5a
36	Accumulated other comprehensive income	-121	Reference EU CC1, line 3
37	Independently reviewed interim profits net of any foreseeable charge or dividend	4	Reference EU CC1, line EU-5a
38	Distribution of a dividend (for information purposes)	-	
39	**Common Equity Tier 1 (CET1) before regulatory adjustments**	**3,063**	Reference EU CC1, line 6
	Common Equity Tier 1 (CET1): regulatory adjustments		
40	Additional value adjustments (negative amount)	-4	Reference EU CC1, line 7
41	Intangible assets (net of related tax liability) (negative amount)	-33	Reference EU CC1, line 8
42	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) CRR are met) (negative amount)	-20	Reference EU CC1, line 10

All figures in € million		a Balance sheet as in published financial statements under regulatory scope of consolidation [1)] 30.06.2024	c Reference
43	Fair value reserves related to gains or losses on cash flow hedges	36	Reference EU CC1, line 11
44	Negative amounts resulting from the calculation of expected loss amounts	-	Reference EU CC1, line 12
45	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	Reference EU CC1, line 14
46	Other regulatory adjustments to CET1 capital	-108	Reference EU CC1, line 27a
47	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	**-129**	Reference EU CC1, line 28
48	**Common Equity Tier 1 (CET1) capital**	**2,934**	Reference EU CC1, line 29
	Additional Tier 1 (AT1) capital: Instruments and reserves		
49	Capital instruments and the related share premium accounts	298	Reference EU CC1, line 30
50	thereof: classified as equity under applicable accounting standards	298	Reference EU CC1, line 31
51	of which: classified as liabilities under applicable accounting standards	-	Reference EU CC1, line 32
52	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**298**	Reference EU CC1, line 36
	Additional Tier 1 (AT1) capital: regulatory adjustments		
53	Not applicable at pbb	-	
54	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**	Reference EU CC1, line 43
55	**Additional Tier 1 (AT1) capital**	**298**	Reference EU CC1, line 44
56	**Tier 1 capital (T1 = CET1 + AT1)**	**3,232**	Reference EU CC1, line 45
	Tier 2 (T2) capital: Instruments and reserves		
57	Capital instruments and the related share premium accounts	331	Reference EU CC1, line 46
58	Credit risk adjustments	-	Reference EU CC1, line 50
59	**Tier 2 (T2) capital before regulatory adjustments**	**331**	Reference EU CC1, line 51
	Tier 2 (T2) capital: regulatory adjustments		
60	Not applicable at pbb	**-**	
61	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	Reference EU CC1, line 57
62	**Tier 2 (T2) capital**	**331**	Reference EU CC1, line 58
63	**Total capital (TC = T1 + T2)**	**3,562**	Reference EU CC1, line 59

[1)] There are no differences between the regulatory scope of consolidation in accordance with CRR and the accounting scope of consolidation for the IFRS consolidated financial statements as at the disclosure date. Columns a and b of the EU CC2 template have therefore been combined into one column a in accordance with the Pillar 3 framework, Annex 8, point 9.

[2)] The additional tier 1 capital (AT1) qualifies as equity under IFRS in the balance sheet as there is no obligation to repay or service it on an ongoing basis. The instruments of supplementary capital (T2) are included in liabilities in the IFRS balance sheet.

Own funds and eligible liabilities (MREL)

Under the recovery and resolution regime (BRRD Directive; revised as part of the 2019 EU banking package and transposed into national law in Germany by the Recovery and Resolution Act (SAG)), institutions are obliged to hold liabilities that can be converted into equity in addition to regulatory capital in the amount of the MREL (Minimum Requirement for Own Funds and Eligible Liabilities) ratio. The possibility of converting liabilities (bail-in capability) is subject to clear limits. In particular, there is the principle that no creditor may be placed in a worse position than through the regular insolvency proceedings (Principle of No Creditor Worse Off; NCWO). This means, for example, that deposits that are secured by the national deposit protection fund are not eligible for bail-in and are therefore excluded from the conversion.

As part of the annual redefinition of the eligible liabilities and own funds to be held, the Single Resolution Board (SRB) sets institution-specific requirements. The leverage ratio exposure amount (LRE) and the Total Risk Exposure Amount (TREA) are used as benchmarks for the regulatory minimum requirements. The MREL decision adopted by the SRB provided for a gradual adjustment of the requirement and included a scheduled increase as at 1 January 2024. The MREL ratio, which was previously also calculated internally according to total liabilities and own funds (TLOF), is no longer part of bank management. Within the calculation of the LRE requirement, the TLOF represents a starting point and does not require any further separate control.

As at the disclosure date of 30 June 2024, the pbb Group significantly exceeded the MREL requirement by more than €0.8 billion (31 December 2023: €1.8 billion). After reconciliation of the MREL report with the supervisory authority, the existing overcapacity subsequently increased from €1.7 billion to €1.8 billion compared with the Disclosure Report as at 31 December 2023.

The information pursuant to Article 437a CRR and Section 51 (3) of the German Restructuring and Resolution Act (SAG) in conjunction with EBA standard EBA/ITS/2020/06 on own funds and eligible liabilities (MREL) must be disclosed for the first time as at the disclosure date of 31 December 2024.

Optional transitional arrangements in accordance with Article 473a CRR

The pbb Group still does not apply the optional transitional arrangements pursuant to article 473a CRR (transitional provisions to mitigate the impact of the introduction of IFRS 9 on own funds, period of temporary treatment: 1 January 2020 to 31 December 2024) in conjunction with the amending regulation (EU) 2020/873 ("CRR Quick Fix"). Also in previous years, the pbb Group did not use the original optional transitional arrangements according to Article 473a CRR in conjunction with the guidelines EBA/GL/2018/01 to mitigate the effects from the introduction of IFRS 9 as of 1 January 2018.

The pbb Group also did not apply the expired exemptions pursuant to Article 468 CRR (temporary treatment of gains and losses recognised at fair value and not realised in other comprehensive income).

In this respect, the own funds, capital ratios and leverage ratio presented in this Disclosure Report represent the full effect of the introduction of IFRS 9 and the expected credit loss impairment model. The table IFRS 9/Article 468-FL "Comparison of Institutions' Own Funds and Capital and Leverage Ratios with and without Application of the Transitional Provisions for IFRS 9 or Similar Expected Credit Losses and with and without Application of the Temporary Treatment under Article 468 CRR" according to the guidelines EBA/GL/2020/12 is not relevant for the pbb Group in this respect.

Countercyclical capital buffer

This chapter shows the information on the countercyclical capital buffer for the pbb Group in accordance with Article 440 CRR.

Countercyclical capital buffer

The countercyclical capital buffer (CCyB) in accordance with Section 10d of the German Banking Act (KWG) is considered a macroprudential instrument of banking supervision. In particular, it is intended to counteract the risk of excessive credit growth in the banking sector, i.e. in times of excessive credit growth, banks should build up an additional capital buffer - held from Common Equity Tier 1 capital (CET1) - which increases the banks' loss-absorbing capacity in the event of a crisis.

In accordance with Article 140 (4) CRD, the relevant credit risk exposures for the calculation of the countercyclical capital buffer are all exposure classes of the credit risk standardised approach, with the exception of the exposure classes specified in Article 112 (a) to (f) 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) KWG, the ratio of the domestic countercyclical capital buffer (CCB) can generally be 0 to 2.5% of the total risk amount (RWA) and is reviewed for Germany by BaFin on a quarterly basis to ensure that it is appropriate and adjusted if necessary. To this end, BaFin assesses the intensity of the cyclical systemic risk and decides which ratio of the domestic countercyclical capital buffer is appropriate.

As at the disclosure date of 30 June 2024, the value for Germany is 0.75%. BaFin last raised the ratio of the domestic countercyclical capital buffer by 0.75 percentage points with effect from 1 February 2023 with the aim of preventively strengthening the resilience of the German banking system.

Individual institution-specific countercyclical capital buffer

The pbb Group must determine its individual institution-specific countercyclical capital buffer (CCB) itself. The value of the countercyclical capital buffer applicable for Germany must be included and applied to the sum of the relevant credit risk positions which are located in Germany. In addition to the domestic countercyclical capital buffer, foreign countercyclical capital buffers from countries in which receivables of the pbb Group are located must also be included. The countercyclical capital buffers applicable there (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 has significant credit risk exposures to the private sector (EU CCyB1: as the sum of the weighted capital requirement per country according to column l multiplied by the country-specific ACP in % according to column m).

Capital buffer for systemic risks

Also since 1 February 2023, pbb has been applying the sectoral systemic risk buffer (SRP) of 2.00% introduced by BaFin in accordance with the "General ruling ordering a capital buffer for systemic risks pursuant to section 10e KWG". This systemic risk buffer applies to credit risk positions collateralised by residential property in Germany (i.e. in Germany) and is also intended to counteract the specific risks on the residential property market that cannot be fully covered by the above-mentioned domestic countercyclical capital buffer. In March 2024, following a review in accordance with Section 10e (2) sentence 3 KWG, BaFin decided to maintain the level of the sectoral systemic risk buffer.

The risk-weighted exposure amounts (RWA) for these loans secured by residential property in Germany amount to € 1,273 million (31 December 2023: € 660 million), resulting in a capital requirement of € 25 million (i.e. 0.12% of total RWA, see EU KM1, line EU 9a). The own funds requirement for the systemic risk buffer, as well as the institution-specific countercyclical capital buffer, must be held in Common Equity Tier 1 capital (CET1).

Quantitative information on the countercyclical capital buffer

The following tables in accordance with Article 440 (a) and (b) 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 which are relevant for the calculation of the institution-specific countercyclical capital buffer (EU CCyB1).

The institution-specific countercyclical capital buffer (ICCB) for the pbb Group amounted to 0.72% as at the disclosure date (31 December 2023: 0.68%) and thus remains well below the applicable maximum ratio of 2.5%.

The reason for the slight increase in the ICCP by 0.04 percentage points are increases in countercyclical capital buffers in countries in which significant credit risk exposures (to the private sector) of pbb Group are located. In the first half of 2024, the responsible supervisory authorities raised the country-specific countercyclical capital buffers for Belgium (0.50%, +0.50 percentage points compared to 31 December 2023), France (1.00%, +0.50 percentage points compared to 31 December 2023), Ireland (1.50%, +0.50 percentage points compared to 31 December 2023) and the Netherlands (2.00%, +1.00 percentage points compared to 31 December 2023). The reduction in the country-specific countercyclical capital buffer for the Czech Republic (1.75%, -0.25 percentage points compared to 31 December 2023) had the opposite effect.

In addition, the country-specific countercyclical capital buffers of Germany (0.75%), the United Kingdom (2.00%), Luxembourg (0.50%), Romania (1.00%), Sweden (2.00%), Slovenia (0.50%) and Slovakia (1.50%) - unchanged compared to the end of 2023 - are taken into account in the calculation of the ICCP. The domestic countercyclical capital buffer of the other countries in which significant risk positions of the pbb Group are located is 0% or has not been set by the responsible supervisory authority.

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

All figures in € million, unless otherwise stated		a
1	Total risk exposure amount [1]	20,925
2	Institution specific countercyclical capital buffer rate (%)	0.72
3	Institution specific countercyclical capital buffer requirement [2]	150

[1] Total risk-weighted exposure amounts (risk-weighted assets, RWA) in accordance with EU OV1, column (a).
[2] Own funds requirement for the IAKP, calculated by multiplying line 1 and line 2.

The own funds requirement of € 150 million (0.72% of the total risk-weighted exposure amounts) must be held in Common Equity Tier 1 (CET1) capital in accordance with section 10d (1) KWG. The pbb Group has €1,992 million of Common Equity Tier 1 capital available for this purpose - as well as for the capital requirements of the sectoral systemic risk buffer (SRP) and the capital conservation buffer (CDP) - after complying with the Common Equity Tier 1 ratio of 4.5% of the total risk exposure amount.

EU CCyB1: Geographical distribution of credit risk exposures material 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 fund requirements				Risk-weighted exposure amounts 2)	Own fund requirements weights3) (%)	Countercyclical buffer rate4) (%)
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 of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for 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	373	272	-	-	-	644	12	-	-	12	145	0.80	0.00
2	(AW)	Aruba	8	-	-	-	-	8	-	-	-	-	-	-	-
3	(BD)	Bangladesh	18	-	-	-	-	18	-	-	-	-	1	0.01	-
4	(BE)	Belgium	72	28	-	-	-	100	2	-	-	2	24	0.13	0.50
5	(BM)	Bermuda	-	-	-	-	-	-	-	-	-	-	-	0.00	-
6	(CH)	Switzerland	19	118	-	-	-	137	8	-	-	8	101	0.56	0.00
7	(CZ)	Czech republic	119	477	-	-	-	596	26	-	-	26	326	1.80	1.75
8	(DE)	Germany	4,883	7,930	-	-	-	12,813	493	-	-	493	6,166	34.05	0.75
9	(ES)	Spain	380	455	-	-	-	835	23	-	-	23	290	1.60	0.00
10	(FI)	Finland	-	434	-	-	-	434	16	-	-	16	205	1.13	0.00
11	(FR)	France	1,051	2,864	-	-	-	3,915	153	-	-	153	1,912	10.56	1.00
12	(GB)	United Kingdom	-	1,887	-	-	-	1,887	128	-	-	128	1,598	8.82	2.00
13	(GG)	Guernsey													
14	(GH)	Ghana	26	-	-	-	-	26	-	-	-	-	3	0.02	-
15	(HU)	Hungary	-	148	-	-	-	148	7	-	-	7	84	0.46	0.00
16	(IE)	Ireland	67	-	-	-	-	67	-	-	-	-	-	-	1.50
17	(IT)	Italy	-	114	-	-	-	114	7	-	-	7	88	0.49	0.00
18	(JE)	Jersey	26	2	-	-	-	28	-	-	-	-	2	0.01	-
19	(KY)	Cayman Islands	12	-	-	-	-	12	-	-	-	-	-	-	-
20	(LI)	Liechtenstein	4	-	-	-	-	4	-	-	-	-	2	0.01	0.00

			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 fund requirements**				**Risk-weighted exposure amounts** [2]	**Own fund 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 of trading book exposures for SA**	**Value of trading book exposures for internal models**	**Exposure value for 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	(LU)	Luxembourg	104	124	-	-	-	228	9	-	-	9	106	0.59	0.50
22	(NL)	Netherlands													
23	(OM)	Oman	43	-	-	-	-	43	-	-	-	-	-	-	-
24	(PL)	Poland	108	1,891	-	-	-	2,000	146	-	-	146	1,830	10.11	0.00
25	(RO)	Romania	-	131	-	-	-	131	10	-	-	10	120	0.66	1.00
26	(SE)	Sweden	-	1,147	-	-	-	1,147	45	-	-	45	561	3.10	2.00
27	(SI)	Slovenia	-	63	-	-	-	63	3	-	-	3	33	0.18	0.50
28	(SK)	Slovakia	-	113	-	-	-	113	9	-	-	9	109	0.60	1.50
29	(US)	United States of America	13	4,297	-	-	-	4,310	304	-	-	304	3,794	20.95	0.00
20	**Total**		**7,350**	**23,766**	**0**	**0**	**0**	**31,116**	**1,449**	**0**	**0**	**1,449**	**18,109**	**100.00**	**---**

[1] Exposure at default (EaD), calculated as the sum of the EaD amounts in columns a to e.
[2] Risk-weighted exposure amounts (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 in accordance with the European Systemic Risk Board (ESRB) and the Bank for International Settlements (BIS).
[5] Country: Location of the debtor, i.e. the debtor's usual place of residence or the location of the assets (real estate) in the case of special financing.

Capital requirements and RWA

This chapter shows information on the own funds requirements and the risk-weighted exposure amounts (RWA) for the pbb Group in accordance with Article 438 CRR. As the parent company of the banking group within the meaning of Section 10a KWG in conjunction with Article 11 et seq. Article 11 et seq. CRR, pbb is responsible for compliance with the own funds requirements on a summarised basis (regulatory scope of consolidation).

Procedure for capital adequacy

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 amount of own funds and the determination of own funds requirements. In order to comply with the capital requirements, capital must be recognised for credit risk (credit risk, counterparty credit risk including CVA risk), 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)

Since the disclosure date of 30 June 2024, two approaches have been used in the pbb Group to determine the capital requirements for the credit risk of a risk position. These are the Foundation Internal Ratings Based Approach (F-IRBA) in accordance with Articles 142 et seq. CRR for the majority of commercial property financing and the standardised approach (CRSA) in accordance with Articles 111 et seq. CRR for the remaining risk positions. For a transitional period until CRR III ("Basel IV") comes into force and is approved by the supervisory authority, which is expected to be granted in the first half of 2025, the calculation of risk-weighted exposure values will be calibrated to standardised risk parameters.

As of the disclosure date, pbb Group still does not have any risk positions from securitisations in its portfolio. New securitisations of own receivables are currently not planned. The business strategy of the pbb Group does not currently define new securitisations as a corporate objective.

Counterparty credit risk

For the calculation of 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. CRR. The Bank's own internal models (Internal Model Method, IMM) are not currently used.

For the calculation of the additional own funds requirement for OTC derivatives for the risk of a credit valuation adjustment (CVA risk) in accordance with Part 3, Title VI of the CRR, the pbb Group uses the standardised method in accordance with Article 384 CRR.

For securities financing transactions (securities lending/repo transactions), the pbb Group applies the provisions for credit risk mitigation in accordance with chapter 4 of the CRR, the comprehensive method for taking financial collateral into account in accordance with articles 223 et seq. CRR.

For the calculation of own funds requirements for contributions to the default fund of a qualified central counterparty, the pbb Group applies the risk-sensitive method in accordance with Article 308 CRR.

Market risk

Capital requirements for market risk in accordance with part 3, title IV of the CRR are calculated in the pbb Group using the standardised approach in accordance with articles 325 et seq. CRR. The Bank's own internal models (Internal Models Approach, IMA) are currently not used.

Operational risk

The pbb Group calculates own funds backing for operational risk in accordance with part 3, title III of the CRR using the standardised approach pursuant to Articles 317 et seq. CRR. The Bank does not currently use its own internal models.

Settlement risk

The own funds requirements for settlement and advance performance risk in accordance with Part 3, Title V of the CRR are calculated in accordance with the rules defined in Articles 378 and 379 CRR.

Quantitative information on own funds requirements and RWA

Table EU OV1 in accordance with Article 438 letter d CRR shows the risk-weighted exposure amounts (RWA) and the associated regulatory minimum own funds requirements broken down by risk type in accordance with Part 3 of the CRR.

The pbb Group has not applied the simple IRBA risk weight for equity exposures in accordance with Article 155 (2) CRR since the disclosure date of 30 June 2024. The pbb Group also does not apply the simple IRBA risk weight for specialised lending exposures in accordance with Article 153 (5) CRR. The tables EU CR10.1 to EU CR10.5 according to article 438 letter e CRR are not relevant for the pbb Group.

EU OV1: Overview of the total risk amounts

		a	b	c
		Risk weighted exposure amounts (RWA) 1)	Risk weighted exposure amounts (RWA) 1)	Total own funds requirements
All figures in € million		30.06.2024	31.03.204	30.06.2024
1	**Credit risk (excluding counterparty credit risk)**	**19,634**	**17,430**	**1,571**
2	thereof: the standardised approach	4,503	1,391	360
3	thereof: the foundation IRB approach (F-IRBA)	15,130	-	1,210
4	thereof: slotting approach	-	-	-
EU 4a	thereof: equities under the simple risk-weighted approach	-	50	-
5	thereof: the advanced IRB approach (A-IRBA)	-	15,989	-
6	**Counterparty credit risk**	**296**	**403**	**24**
7	thereof: the standardised approach [2]	113	148	9
8	thereof: internal model method (IMM)	-	-	-
EU 8a	thereof: exposures to a CCP [3]	3	6	0.3
EU 8b	of which: credit valuation adjustment (CVA)	122	138	10
9	thereof: other CCR [4]	58	110	5
15	**Settlement risk**	**0**	**0**	**0**
16	**Securitisation exposures in the non-trading book (after the cap)**	**0**	**0**	**0**
17	thereof: SEC-IRBA approach	-	-	-
18	thereof: SEC-ERBA (including IAA)	-	-	-
19	thereof: SEC-SA approach	-	-	-
EU 19a	thereof: 1.250% / deduction	-	-	-
20	**Position, foreign exchange and commodities risks (market risk)**	**20**	**21**	**2**
21	thereof: the standardised approach	20	21	2
22	thereof: IMA	-	-	-
EU 22a	**Large exposures [5]**	**0**	**0**	**0**
23	**Operational risk**	**975**	**975**	**78**
EU 23a	thereof: basic indicator approach	-	-	-
EU 23b	thereof: standardised approach	975	975	78
EU 23c	thereof: advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight) - for information [6]	301	279	24
29	**Total**	**20,925**	**18,829**	**1,674**

[1] Risk-weighted exposure amounts (risk-weighted assets, RWA).
[2] Risk positions calculated in accordance with Part 3, Title II, Chapter 6 of the CRR (derivative transactions).
[3] Risk positions 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 with the intention of generating short-term profits.
[6] Deferred tax assets that mainly depend on future profitability and result from or do not result from temporary differences.
The disclosure in this line is for information purposes only; the amount is already recognised in line 1 (credit risk) and line 2 (of which: standardised approach).

Risk-weighted exposure amounts (RWA)

The risk-weighted exposure amounts of the pbb Group amounted to € 20,925 million across all risk types as at the disclosure date (31 March 2024: € 18,829 million), which corresponds to an increase of € 2,096 million in the second quarter of 2024. In order to ensure comparability with the disclosure date of 31 March 2024, the risk-weighted exposure amounts were calculated on a pro forma basis using the A-IRBA. In this case, the RWA would be € 17,255 million.

The main drivers for the RWA increase in credit risk (+€2,204 million compared to 31 March 2024, F-IRBA and standardised approach) were the switch to the F-IRBA for the majority of commercial real estate financings and the use of risk weightings calibrated to standardised risk parameters for RWA calculation. This was offset by repayments which exceeded new business, including the sale of a portfolio of real estate loans with a carrying amount of € 0.9 billion by the pbb Group. The portfolio comprised financings of office, residential and hotel properties in the USA and the United Kingdom.

The decrease in counterparty default risk (€ -107 million compared to 31 March 2024) is the result of both the reduction in the volume of derivatives (€ -35 million compared to 31 March 2024) and the CVA risk for OTC derivatives (€ -16 million compared to 31 March 2024) as well as the decrease in the volume of securities financing transactions (repo and reverse repo transactions: € -52 million compared to 31 March 2024).

Market risk (€ -1 million compared to 31 March 2024) is stable and remains almost unchanged at the level of the first quarter of 2024.

Operational risk is unchanged compared to 31 March 2024. The regulatory capital requirement is calculated once a year at the end of the year.

Capital requirements

The minimum own funds requirement for the aforementioned risk types remained unchanged at 8.0% of RWA as at 30 June 2024. It totalled €1,674 million as at the disclosure date (31 March 2024: €1,506 million). In line with pbb Group's business model with its core business of commercial real estate finance, around 95% of the own funds requirement is attributable to credit risk (credit risk and counterparty credit risk including CVA risk), less than 1% to market risk and around 5% to operational risk.

The total capital requirement - including the capital conservation buffer (CEP) of 2.5%, the institution-specific countercyclical capital buffer (ICCB) of 0.72%, the sectoral systemic risk buffer (SRB) of 0.12% and the Pillar 2 capital requirement (P2R) of 3.0% - amounts to 14.34% (EU KM1, line EU 11a). It amounts to € 3,000 million as at the disclosure date (31 March 2024: € 2,005 million).

Equity surplus

The surplus own funds (available own funds less the minimum own funds requirement in accordance with EU OV1) amounted to € 1,888 million as at the disclosure date (31 March 2024: € 2,283 million).

Capital ratios

The information in this section on the regulatory minimum capital ratios and regulatory SREP requirements for minimum capitalisation supplements the information in the "Own funds" section (Article 437 CRR).

Regulatory minimum capital ratios

The CRR together with the CRD form the basis for determining the regulatory capitalisation and the minimum capital ratios. According to these regulations, the CET1 ratio (CET1 ratio: Common Equity Tier 1 divided by RWA) may not fall below 4.5%, the Tier 1 ratio (T1 ratio: Tier 1 divided by RWA) may not fall below 6.0% and the Own Funds ratio (own funds divided by RWA) may not fall below 8.0% in 2024. For compliance with the capital ratios on a summarised basis, pbb, as the parent company of the banking group within the meaning of section 10a KWG in conjunction with section 11 et seq. Article 11 et seq. CRR.

The pbb Group met these requirements at all times in the first half of 2024. As of 30 June 2024, the capital ratios were as follows (see EU CC1, lines 61 to 63)

- CET1 ratio: 14.0% (31 December 2023: 15.7%)
- Tier 1 ratio: 15.4% (31 December 2023: 17.3%)
- Own funds ratio: 17.0% (31 December 2023: 19.5%).

The decrease in the capital ratios compared to the end of 2023 results from the increase in risk-weighted exposure amounts (RWA: € +2,430 million compared to 31 December 2023) and the only slight change in regulatory own funds in this period (own funds: € -42 million compared to 31 December 2023).

In order to ensure comparability of the regulatory ratios with 31 December 2023, the pbb Group has carried out a pro-forma calculation of the capital ratios using the A-IRBA. This would have resulted in a CET1 ratio of 16.5% and an own funds ratio of 20.2% as at 30 June 2024.

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

SREP

pbb Group complied with the minimum capital requirements of the ECB's Supervisory Review and Evaluation Process (SREP), which go beyond the existing regulatory requirements, at all times during the first half of 2024.

The aim of the SREP is to comprehensively analyse the institutions supervised by the ECB. This includes an assessment of the business model, risk and corporate governance, the risk situation as well as capitalisation and liquidity. Based on the results of the analysis and benchmark comparisons, the ECB can issue requirements for the minimum capitalisation or liquidity of the institution that go beyond the existing supervisory requirements.

CET1 minimum quota

The Pillar 2 Requirement (P2R) applicable for pbb in the financial year 2024 is 3.0%. This means that pbb has had to maintain a minimum CET1 ratio of 8.7% since 1 January 2024 (excluding the countercyclical capital buffer, which varies from country to country and thus from portfolio to portfolio, and excluding the sectoral systemic risk buffer). In addition to the Pillar 2 capital requirement (3.0%), this requirement is made up of the Pillar 1 minimum capital requirement (4.5%) and the capital conservation buffer (2.5%), whereby the Pillar 2 capital requirement must be held at around 1.7% (56.25% of P2R) in Common Equity Tier 1 capital (CET1) and around 2.3% (75.00% of P2R) in tier 1 capital (Tier 1).

The applicable CET1 minimum capital requirement also represents the threshold below which the calculation of a maximum distributable amount (MDA) is mandatory. This generally limits distributions on CET1 capital, new performance-related remuneration and interest payments on Additional Tier 1 capital (AT1 capital).

Total capital requirement

In addition to the CET1 minimum ratio, pbb has had to meet a total capital requirement of 13.5% since 1 January 2024 (excluding the countercyclical capital buffer, which varies from country to country and therefore from portfolio to portfolio, and excluding the sectoral systemic risk buffer). This is made up of the Pillar 1 minimum capital requirement (8.0%), the capital conservation buffer (2.5%) and the Pillar 2 capital requirement (3.0%).

Leverage ratio

This chapter shows the information for the pbb Group in accordance with Article 451 CRR on the leverage ratio as well as on monitoring and managing the risk of excessive leverage.

In accordance with Article 429 (2) CRR, the leverage ratio as a non-risk-based capital requirement is the ratio of an institution's capital measure (Tier 1 capital) to its total exposure measure and is expressed as a percentage. As a non-risk-sensitive ratio, it supplements the risk-based view of capital requirements and capital ratios. The aim is to limit the increase in leverage in the banking sector, to reduce the risk of a destabilising build-up of debt that can damage 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) CRR, institutions must comply with a binding leverage ratio of at least 3% at all times. The pbb Group met this requirement at all times in the first half of 2024.

Total exposure measure

The CRR forms the basis for determining the total exposure measure of the leverage ratio. Accordingly, its calculation is generally based on the balance sheet carrying amount as the relevant measure of assets. Specific regulatory metrics apply to derivatives and securities financing transactions (securities lending/repo transactions). In addition, the total exposure measure takes into account off-balance sheet risk positions.

Derivatives

The risk exposure values of the leverage ratio for derivatives are determined on the basis of the regulatory standardised approach (SA-CCR). The risk position values in accordance with the standardised method take into account, among other things, margin agreements, collateral and maturities of derivative transactions, the minimum transfer amount, current replacement costs, netting and a general factor of 1.4.

Securities financing transactions

The risk position values of the leverage ratio for securities financing transactions (securities lending/repo transactions) include the gross receivables from securities financing transactions that can be offset against liabilities from securities financing transactions to the same counterparty, provided certain conditions are met. In addition to the gross receivables from securities financing transactions, a surcharge is included for the counterparty credit risk from securities financing transactions.

Balance sheet risk positions

The risk position values of the leverage ratio for other balance sheet items (excluding derivatives and securities financing transactions) include the carrying amount of the respective items as well as regulatory adjustments for items that are deducted when determining the regulatory core capital (Tier 1).

Off-balance sheet risk positions

The risk position values of the leverage ratio for off-balance sheet risk positions take into account the weighting factors (Credit Conversion Factors, CCF) from the standardised approach for credit risk of 0%, 20%, 50% or 100% depending on the risk category, with a lower limit of 10%.

Quantitative information on the leverage ratio

The following tables EU LR1-LRSum, EU LR2-LRCom and EU LR3-LRSpl in accordance with Article 451 (1) (a) to (c) CRR and Article 451 (3) CRR show a breakdown of the total exposure measure, a reconciliation of this measure with the assets of the published pbb Group balance sheet as well as the leverage ratio for the pbb Group.

The leverage ratio for the pbb Group (EU LR2-LRCom, line 25) amounted to 7.1% as at 30 June 2024 (31 December 2023: 6.2%) and was thus significantly above the minimum requirement. The increase of 0.9 percentage points in the first half of 2024 is primarily due to the significant decline in the total exposure measure (€ -6,039 million compared to 31 December 2023), particularly as a result of the reduction in on-balance sheet risk positions and risk positions from securities financing transactions.

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

EU LR1 - LRSum: Summary reconciliation between recognised assets and risk positions for the leverage ratio

All figures in € million		a Applicable amount
1	**Total assets as per published financial statements [1)]**	**45,988**
2	Adjustment for entities which 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 transference)	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to 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) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments [3)]	-273
9	Adjustment for securities financing transactions (SFTs) [4)]	-197.0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) [5)]	849
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 leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments [6)]	-885
13	**Leverage ratio total exposure measure**	**45,482**

[1)] Line 1: Total assets (total assets) of pbb's consolidated financial statements (IFRS).
[2)] Line 2: There are no differences between the regulatory scope of consolidation and the accounting scope of consolidation for pbb's consolidated financial statements (IFRS) as of the disclosure date.
[3)] Line 8: Difference between the carrying amount (IFRS) of the derivatives and the regulatory risk position value (EaD).
[4)] Line 9: Difference between the carrying amount (IFRS) of securities financing transactions (securities lending/repo transactions) and the regulatory risk exposure value (EaD).
[5)] Line 10: Addition of off-balance sheet risk positions after taking into account the credit conversion factors (CCF) from the Credit Risk Standardised Approach (CRSA).
[6)] Line 12: Other adjustments primarily include cash collateral provided by pbb in the derivatives business.

EU LR2 - LRCom: Standardised disclosure of the leverage ratio

All figures in € million, unless otherwise stated		a CRR leverage ratio exposures 30.06.2024	b CRR leverage ratio exposures 31.12.2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	45,368	49,860
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-1,101	-1,103
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)	-109	-100
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**44,158**	**48,657**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	68	92
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	257	274
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under 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**	**325**	**366**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	348	1,158
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-335	-
16	Counterparty credit risk exposure for SFT assets	138	131
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**151**	**1,289**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	1,708	2,288
20	(Adjustments for conversion to credit equivalent amounts)	-859	-1,079
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet exposures**	**849**	**1,209**
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) 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 passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-

All figures in € million, unless otherwise stated		a **CRR leverage ratio exposures** **30.06.2024**	b **CRR leverage ratio exposures** **31.12.2023**
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**0**	**0**
Capital and total exposure measure			
23	**Tier 1 capital**	**3,232**	**3,208**
24	**Leverage ratio total exposure measure**	**45,482**	**51,521**
Leverage ratio			
25	**Leverage ratio**	**7.1**	**6.2**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.1	6.2
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.1	6.2
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 made up of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%) [2]	3.0	3.0
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	fully implement-ed	fully implement-ed
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable 6)	470	638
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables 6)	12	1,158
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	45,940	51,002
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	45,940	51,002
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) (%)	7.0	6.3
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) (%)	7.0	6.3

[1] Row EU-26a: Additional own funds requirement imposed by the competent authority (ECB) to mitigate the risk of excessive leverage.
[2] Line EU-27a: Sum of lines 26 and EU-26a. Row 27 only applies to G-SRIs and is therefore not relevant for pbb.

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

All figures in € million		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**44,266**
EU-2	Trading book exposures [1)]	-
EU-3	Banking book exposures, thereof:	44,266
EU-4	Covered bonds	314
EU-5	Exposures treated as sovereigns	11,130
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,335
EU-7	Institutions	943
EU-8	Secured by mortgages of immovable properties	26,741
EU-9	Retail exposures	-
EU-10	Corporate	1,557
EU-11	Exposures in default	1,490
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	757

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

Procedure for monitoring the risk of excessive indebtedness

In line with its business structure and business model as well as its business and risk strategy, pbb Group has implemented formal procedures and regulations in order to be able to assess the risk of excessive leverage. In particular, as part of the recovery plan (in accordance with the German Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, SAG)), pbb Group has defined a set of selected indicators tailored to the business and risk situation, which enables it to identify and implement suitable options for action in good time. In addition to the Leverage ratio and the capital ratios, these indicators also include indicators relating to liquidity (including asset encumbrance and medium and longer-term funding requirements (NSFR)), profitability and portfolio quality, as well as market-based and macroeconomic indicators.

The leverage ratio is calculated on a monthly basis and, like the other indicators, is an integral part of pbb Group's risk management system. Both the leverage ratio and the other indicators are subject to an early warning threshold and a restructuring threshold in order to be able to recognise any shortfall at an early stage. The aim is to enable the pbb Group to initiate suitable countermeasures promptly if the early warning threshold is not reached. The status of all indicators is regularly monitored and reported to the Management Board, the Supervisory Board and the banking supervisory authorities. The ongoing monitoring of the leverage ratio includes both its numerator (Tier 1 capital) and its denominator (the total exposure measure). The Management Board of pbb is informed about the leverage ratio on a monthly basis as part of the Flash Report and on a quarterly basis as part of the Management Report and the Recovery Plan Report. In addition, the leverage ratio is included in pbb Group's capital and multi-year planning.

Credit risk

Credit risk (credit risk, counterparty credit risk including CVA risk) generally refers to the risk of an unexpected default or decline in the market value of a receivable (credit or bond) or a derivative (alternatively an entire portfolio of receivables or derivatives) resulting from a deterioration in the collateral value or deterioration in the creditworthiness of a country or counterparty. Credit risk comprises default risk, migration risk, realisation risk for defaulted customers, transfer and conversion risk, tenant risk, settlement risk, prolongation risk and concentration risk, which are defined in pbb Group's risk strategy.

Credit risk

This chapter shows the information pursuant to Article 442 CRR on credit risk, in particular on loans and advances, securities/debt securities and off-balance sheet exposures, their credit quality and credit risk adjustments. This includes both the exposures for which the pbb Group calculates the risk-weighted exposure amounts using the IRB approach (F-IRBA) and the standardised approach (CRSA).

This excludes counterparty credit risk positions (derivatives and securities financing transactions) and securitisations, which are presented separately in the "Counterparty credit risk" and "Securitisations" sections below.

Loan portfolio

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

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

The gross carrying amounts of on-balance sheet and off-balance sheet credit risk positions as at 30 June 2024, including balances with central banks and sight deposits (EU CR1, line 005), totalled € 47,416 million (31 December 2023: € 52,802 million). Of this total of around € 47.4 billion, € 38,324 million is attributable to loans and credits and € 4,894 million to bonds, while € 1,757 million is attributable to off-balance sheet risk positions such as loan commitments and financial guarantees.

Overall, on- and off-balance sheet credit risk positions declined in the first half of 2024 (€-5,386 million compared with 31 December 2023). For further information on the development of the respective assets, please refer to pbb Group's Interim Report 2024 (published on pbb's website), including the note "Development in Assets" (page 10).

Non-performing risk positions

The portfolio (based on gross carrying amounts) of non-performing loans and credits amounted to € 1,583 million as at the disclosure date (31 December 2023: € 1,540 million), which corresponds to an increase of € +43 million in the first half of 2024. In Real Estate Finance (REF), new loans were transferred to the unit responsible for refurbishment, which mainly involved financing for office buildings in the USA. This was offset by the repayment of financing to normal management and loan repayments, including through the sale of properties.

The stage 2/3 value adjustments recognised on the non-performing loans and credits of € 1,583 million amount to € 401 million, while the collateral and financial guarantees received for this amount to € 1,128 million.

NPL ratio and risk provisioning

As a result of the persistently challenging environment on the property markets, pbb Group further increased allowances for losses on loans and advances. For the first half of 2024, allowances for losses on loans and advances amounted to €-103 million. For financial instruments without indicators of impaired credit quality (stage 1 and stage 2 allowances), there was a net addition to allowances for losses on loans and advances of € 3 million. The net addition to risk provisions for financial instruments with indicators of impaired creditworthiness (stage 3 impairments) totalled € 100 million. The additions to stage 3 were mainly attributable to several portfolio financing arrangements in the USA and three development financing arrangements in Germany. In the first half of 2024, a total of seven transactions were reclassified to stage 3 due to defaults. Of these, one transaction (US portfolio financing) was already repaid within the reporting period through the sale of receivables. A further four transactions (two US office portfolio financings and two UK shopping centre financings) were repaid through the sale of properties, and two further US office portfolio financings (one of which was a rescue purchase) were returned to normal credit management after stabilisation.

The NPE ratio for non-performing exposures based on gross carrying amounts is 3.6% as at the disclosure date (+0.2 percentage points compared to 31 December 2023) and the NPL ratio (non-performing loan), which only takes into account receivables (loans and advances) but not debt securities and off-balance sheet exposures, is 4.1% (+0.4 percentage points compared to 31 December 2023). The ratios are calculated in accordance with Article 8 No. 4 of the Pillar 3 framework, excluding loans and advances held for sale, balances with central banks and other sight deposits.

EU CR1: Contractually serviced 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			**thereof: stage 1**	**thereof: stage 2**		**thereof: stage 2**	**thereof: stage 3**		**thereof: stage 1**	**thereof: stage 2**		**thereof: stage 2**	**thereof: stage 3**			
005	Cash balances at central banks and other demand deposits	2,441	2,441	-	-	-	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	**36,741**	**29,753**	**6,652**	**1,583**	**75**	**1,470**	**-141**	**-30**	**-111**	**-401**	**-6**	**-387**	**0**	**29,000**	**1,128**
020	Central banks [3]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	6,514	6,352	30	-	-	-	-	-	-	-	-	-	-	57	-
040	Credit institutions	885	885	-	-	-	-	-	-	-	-	-	-	-	547	-
050	Other financial corporations	1,189	1,097	92	-	-	-	-1	-1	-	-	-	-	-	1,155	-
060	Non-financial corporations	28,149	21,415	6,529	1,582	75	1,469	-140	-29	-111	-401	-6	-387	-	27,238	1,127
070	thereof: SMEs	9,258	7,253	1,872	357	-	357	-39	-10	-29	-50	-	-50	-	9,162	306
080	Households	4	4	-	1	-	1	-	-	-	-	-	-	-	4	1
090	**Debt securities**	**4,894**	**4,768**	**0**	**0**	**0**	**0**	**-1**	**-1**	**0**	**0**	**0**	**0**	**0**	**1,057**	**0**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	3,433	3,348	-	-	-	-	-1	-1	-	-	-	-	-	390	-
120	Credit institutions	1,432	1,393	-	-	-	-	-	-	-	-	-	-	-	667	-
130	Other financial corporations	29	26	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**1,703**	**1,258**	**395**	**54**	**0**	**54**	**5**	**2**	**3**	**0**	**0**	**0**	---	**1,508**	**53**
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	---	-	-
170	General governments	145	96	-	-	-	-	-	-	-	-	-	-	---	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	---	-	-
190	Other financial corporations	1	1	-	-	-	-	-	-	-	-	-	-	---	1	-
200	Non-financial corporations	1,557	1,161	395	54	-	54	5	2	3	-	-	-	---	1,507	53
210	Households	-	-	-	-	-	-	-	-	-	-	-	-	---	-	-
220	**Total [4]**	**45,779**	**38,220**	**7,048**	**1,637**	**75**	**1,525**	**-147**	**-33**	**-114**	**-401**	**-6**	**-387**	**0**	**31,564**	**1,181**

[1] Gross carrying amount (nominal value for off-balance sheet items) before deduction of value adjustments on financial assets and provisions in the lending business, but after amortisation, before application of credit risk mitigation techniques and before credit conversion factors (CCF).

[2] The value of the collateral and guarantees recognised is limited to the carrying amount (nominal value for off-balance sheet items) of the collateralised/guaranteed risk positions.

[3] The categorisation 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 risk positions entered into jointly by several debtors, on the more significant or more decisive debtor.

[4] Including "Balances with central banks and sight deposits" recognised in line 005.

EU CR1-A: Residual maturity of risk positions

		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]	1,006	9,083	18,793	8,901	-	37,783
020	Debt securities	-	369	3,018	1,503	3	4,893
030	**Total**	**1,006**	**9,452**	**21,811**	**10,404**	**3**	**42,675**

[1] Net value of the risk position: gross carrying amount after deduction of value adjustments on financial assets and after amortisation, but before application of credit risk mitigation techniques. Off-balance sheet items are not taken into account in EU CR1-A.
[2] The counterparty has the choice of when the risk position is repaid (such as short-term balance receivables or similar).
[3] The risk position has no fixed residual term for reasons other than the fact that the counterparty can choose the repayment date.
[4] In accordance with the Pillar 3 framework, Annex XVI, loans and credits held for sale, balances with central banks and sight deposits are excluded.

EU CR2: Change in the portfolio of non-performing loans and advances

		a
All figures in € million		Gross carrying amount [1]
010	**Initial stock of non-performing loans and advances [2]**	**1,540**
020	Inflows to non-performing portfolios [3]	429
030	Outflows from non-performing portfolios [4]	-414
040	Outflows due to write-offs	-
050	Outflow due to other situations [5]	27
060	**Final stock of non-performing loans and advances [6]**	**1,583**

[1] Gross carrying amount (nominal value for off-balance sheet items) of defaulted on- and off-balance sheet risk positions before deduction of value adjustments on financial assets and provisions in the lending business, but after write-downs, before 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 defaulted during the disclosure period.
[4] Loans and credits that have "non-defaulted" status again as at the disclosure date, i.e. are no longer classified as defaulted/non-performing.
[5] Equalisation item from transfers to restructuring management in the disclosure period less liquidations/restructurings and repayments/redemptions.
[6] Portfolio of non-performing loans and credits as at the disclosure date.

Credit quality

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

As of the disclosure date, the pbb Group still has an NPL ratio (gross carrying amount of non-performing loans and advances divided by the gross carrying amount of non-performing and non-performing loans and advances) of less than 5%, which is why a disclosure of tables EU CR2a, EU CQ2, EU CQ6 and EU CQ8 in accordance with Article 442 (c) CRR is not relevant under the Pillar 3 framework. The pbb Group regularly reviews whether further disclosure requirements have to be met as a result of exceeding the threshold of 5% for the NPL ratio.

Similarly, disclosure of table EU CQ7 "Collateral obtained through repossession and enforcement proceedings" in accordance with Article 442 (c) CRR is not relevant for the pbb Group. EU CQ7 provides an overview of the bail-in acquisitions made by the institution, which originate from non-performing exposures and were obtained by means of repossession. As of the disclosure date 30 June 2024, the pbb Group did not hold any bail-in acquisitions or other collateral taken possession of.

Defaulted and non-defaulted risk positions

The gross carrying amounts of on-balance sheet (loans and credits, bonds, balances with central banks and sight deposits) and off-balance sheet credit risk positions (such as irrevocable loan commitments) totalled € 47,416 million as at the disclosure date. The contractually serviced risk positions amount to € 45,779 million or around 97%.

The risk positions in default (loans and credits as well as off-balance sheet credit risk positions) amount to € 1,637 million. A stage 3 valuation allowance of € 387 million has already been recognised for the loans and credits in default, while the collateral and financial guarantees received for this amount to € 1,128 million.

A risk position in the IRB approach and in the standardised approach is considered to be "defaulted" if there is a borrower default in accordance with Article 178 CRR or if another contractual or regulatory trigger applies. The pbb Group assumes a default if, for example, a borrower is more than 90 days past due with material arrears/overdrafts or if it is unlikely that the borrower will meet its payment obligations in full. The risk positions of a borrower that fulfil 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 exposures that are not considered to be in default in accordance with Article 178 CRR, i.e. for which none of the default events specified therein have occurred.

Non-performing risk position

All exposures which are considered to be in default in accordance with Article 178 CRR are also considered by the pbb Group to be "non-performing". In this respect, the above-mentioned defaulted exposures in the amount of € 1,637 million are also considered "non-performing" exposures.

A risk position is considered "non-performing" if one of the following criteria is met: it is a material risk position that is more than 90 days overdue, or it is a risk position where it is considered unlikely that the debtor will settle its liabilities in full without realising collateral, regardless of whether payments are already overdue and regardless of the number of days of any payment arrears.

This categorisation as "non-performing" is made regardless of whether the exposure has been classified as "defaulted" for regulatory purposes in accordance with Article 178 CRR or as impaired for accounting purposes in accordance with the applicable IFRS accounting regulations.

Impaired risk positions

A risk position is considered to be "impaired" if a stage 3 allowance has been recognised in accordance with the accounting standards applied by the pbb Group, the International Financial Reporting Standards (IFRS). As of the disclosure date, stage 3 allowances amounted to € 387 million (31 December 2023: € 414 million), the gross carrying amount of impaired risk positions (loans and advances) amounted to € 1,583 million.

All risk positions for which an impairment (stage 3 impairment) has been recognised in accordance with IFRS accounting standards are also considered by the pbb Group to be "non-performing".

The rules and methods for impairment in accordance with IFRS9 are described in the Disclosure Report as at 31 December 2023 (chapter "Credit risk", section "Credit risk adjustments", page 104 ff.).

Overdue risk positions

Receivables in arrears are categorised as "overdue" for both accounting and regulatory purposes if the debtor has not met its contractually agreed interest or redemption payments on time.

The credit risk positions (loans and credits) that were partially or fully overdue as at the disclosure date totalled € 1,968 million (31 December 2023: € 1,609 million, gross carrying amount), of which the risk positions that were more than 90 days overdue (and non-performing) amounted to € 854 million (31 December 2023: € 734 million). These risk positions that are more than 90 days overdue are also considered impaired.

Deferred (restructured) risk positions

On-balance sheet and off-balance sheet risk positions with forbearance measures totalled € 3,346 million as at the disclosure date (31 December 2023: € 3,402 million), of which € 2,241 million is considered to be serviced in accordance with the contract and € 1,106 million is considered non-performing. Impairment losses of € 284 million have already been recognised on the non-performing, deferred risk positions. Collateral and financial guarantees received for risk positions with forbearance measures totalled € 2,979 million, of which € 776 million was attributable to non-performing, forborne risk positions.

Receivables at risk of default are restructured by pbb Group in the event of economic difficulties of the borrower, provided that a positive going-concern forecast for the respective loan exposure is given. This is done by amending the underlying contractual relationships by means of unilateral or mutual declaration(s) of intent. Restructuring agreements are intended to increase the chances of realising the outstanding receivables or at least to reduce the default risk of the exposure. They usually include standstill agreements, maturity extensions, changed interest payment/repayment dates or the suspension of contractual agreements (e.g. financial covenants) so that the borrower can fulfil its contractual payment obligations again. The credit risk of restructured loans is managed by the Group's Credit Risk Management units.

Depreciation and amortisation

In the first half of 2024, the pbb Group recognised write-downs on financial assets (utilisation of allowances) in the amount of € 166 million.

A financial asset may have to be written down using a valuation allowance that has already been recognised if it is no longer reasonably expected to be recoverable. This is particularly the case if, in the course of realising collateral, it is foreseeable that a residual claim will remain and no further contributions can be expected from the debtor (e.g. due to insolvency/lack of assets). In justified individual cases, attempts are made to recover the residual claim in full or at least in part by means of enforcement measures.

EU CQ1: Credit quality of forborne exposures

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures [1]				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures [2]	
		Performing forborne [3]	Non-performing forborne [3]			On performing forborne exposures	On non-performing forborne exposures		of which: collateral and financial guarantees received on non-performing exposures with forbearance measures
All figures in € million				thereof: defaulted	thereof: impaired				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	**Loans and advances**	**2,131**	**1,083**	**1,083**	**970**	**-27**	**-284**	**2,852**	**754**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	12	-	-	-	-	-	12	-
060	Non-financial corporations	2,119	1,083	1,083	970	-27	-284	2,840	754
070	Households	-	-	-	-	-	-	-	-
080	**Debt securities**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
090	**Loan commitments given**	**110**	**23**	**23**	**23**	**-2**	**0**	**127**	**22**
100	**Total**	**2,241**	**1,106**	**1,106**	**993**	**-29**	**-284**	**2,979**	**776**

[1] Gross carrying amount (nominal value for loan commitments granted) before deduction of value adjustments on financial assets and provisions for credit risks, but after amortisation, before application of credit risk mitigation techniques and before credit conversion factors (CCF).
[2] The value of the collateral and guarantees recognised is limited to the carrying amount (nominal value in the case of loan commitments granted) of the collateralised/guaranteed deferred risk positions.
[3] Exposures with forbearance measures in accordance with Article 47b CRR can be determined to be serviced in accordance with the contract or non-performing, depending on whether they fulfil the conditions of Article 47a CRR "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)]	thereof: non-performing	thereof: defaulted	thereof: subject to impairment [2)]	Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures [3)]
010	**On-balance-sheet exposures [4)]**		**43,218**	**1,584**	**1,584**	**42,717**	**-535**	**---**	**-9**
1	(AT)	Austria	3,964	-	-	3,962	-1	---	-
2	(DE)	Germany	13,474	407	407	13,240	-101	---	-
3	(ES)	Spain	1,651	-	-	1,651	-1	---	-
4	(FR)	France	6,066	58	58	6,055	-11	---	-
5	(GB)	United Kingdom	950	1	1	950	-10	---	-
6	(IT)	Italy	1,374	14	14	1,291	-12	---	-
7	(LU)	Luxembourg	3,613	111	111	3,550	-85	---	-
8	(NL)	Netherlands	1,295	33	33	1,295	-2	---	-
9	(PL)	Poland	1,971	78	78	1,946	-3	---	-9
10	(SE)	Sweden	1,157	-	-	1,157	-1	---	-
11	(US)	United States of America	4,131	744	744	4,086	-245	---	-
12		Other countries [5)]	3,573	138	138	3,534	-63	---	-
020	**Off-balance-sheet exposures [4)]**		**1,757**	**54**	**54**	---	---	**-4**	---
1	(CZ)	Czech Republic	44	-	-	---	---	-	---
2	(DE)	Germany	932	20	20	---	---	-2	---
3	(FR)	France	272	-	-	---	---	-	---
4	(GB)	United Kingdom	59	-	-	---	---	-	---
5	(LU)	Luxembourg	125	-	-	---	---	-	---
6	(SE)	Sweden	49	-	-	---	---	-	---
7	(US)	United States of America	242	34	34	---	---	-2	---
8		Other countries [6)]	33	-	-	---	---	-	---
030	**Total**		**44,975**	**1,638**	**1,638**	**42,717**	**-535**	**-4**	**-9**

1) Gross carrying amount (nominal value for off-balance sheet items) before deduction of value adjustments on financial assets and provisions in the lending business, but after amortisation, before application of credit risk mitigation techniques and before credit conversion factors (CCF).
2) Impairment according to the three impairment levels of IFRS 9.
3) Accumulated negative changes in fair value due to credit risk; for financial assets at fair value through profit or loss, a value adjustment is implied in the fair value.
4) The regional allocation of risk positions to a country is based on the country of domicile of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities).
5) On-balance sheet credit risk positions: For reasons of materiality, pbb Group does not disclose all countries individually in accordance with the Pillar 3 framework, Annex XVI.
The line "Other countries" summarises further countries whose share of on-balance sheet credit risk exposures is < 2% in each case: Aruba, Bangladesh, Belgium, Bermuda, Switzerland, Cameroon, Finland, Czech Republic, Ghana, Ireland, Jersey, Cayman Islands, Liechtenstein, Latvia, Oman, Portugal, Romania, Slovenia, Slovakia and British Virgin Islands.
In addition, the "Other countries" line includes exposures to supranational organisations. In accordance with the Pillar 3 framework, Annex XVI, these are not allocated to the institution's country of domicile, but to this item.
6) Off-balance sheet risk positions: For reasons of materiality, pbb Group does not disclose all countries individually in accordance with the Pillar 3 framework, Annex XVI.
The line "Other countries" summarises further countries whose share of off-balance sheet credit risk exposures is < 1% each: Finland, Jersey, the Netherlands and Poland.

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

All figures in € million		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
			thereof: non-performing		of which: loans and advances subject to impairment		
				thereof: defaulted			
010	Agriculture, forestry and fishing [2] [3]	-	-	-	-	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	43	-	-	43	-	-
040	Electricity, gas, steam and air conditioning supply	22	-	-	22	-	-
050	Water supply	97	-	-	97	-	-
060	Construction	246	-	-	246	-	-
070	Wholesale and retail trade	-	-	-	-	-	-
080	Transport and storage	53	20	20	53	-1	-
090	Accommodation and food service activities	55	-	-	55	-	-
100	Information and communication	-	-	-	-	-	-
110	Financial and insurance actvities	-	-	-	-	-	-
120	Real estate activities	28,557	1,562	1,562	28,314	-531	-9
130	Professional, scientific and technical activities	89	-	-	89	-	-
140	Administrative and support service activities	67	-	-	67	-	-
150	Public administration and defence, compulsory social security	-	-	-	-	-	-
160	Education	67	-	-	67	-	-
170	Human health services and social work activities	434	-	-	434	-	-
180	Arts, entertainment and recreation	-	-	-	-	-	-
190	Other services	2	-	-	2	-	-
200	**Total**	**29,732**	**1,582**	**1,582**	**29,489**	**-532**	**-9**

[1] Gross carrying amount (nominal value for off-balance sheet items) before deduction of value adjustments on financial assets and provisions in the lending business, but after amortisation, before application of credit risk mitigation techniques and before credit conversion factors (CCF).

[2] The classification according to the NACE code of the counterparty 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.

[3] When categorising a counterparty, only those counterparties that fall into sectors related to non-financial corporations are taken into account. The FINREP sector "non-financial corporations" comprises corporations and quasi-corporations that are not engaged in financial intermediation activities, but mainly in the production of market goods and the provision of non-financial services, in accordance with Delegated Regulation (EU) 2021/451, Annex V.

Credit risk mitigation techniques

This chapter shows the information in accordance with Article 453 CRR on the credit risk mitigation techniques used in the pbb Group for credit risk (resulting from loans and advances, debt securities and off-balance sheet exposures) and counterparty credit risk (resulting from derivatives and securities financing transactions), on the types of collateral used.

The main features of the rules and procedures for the valuation and management of this eligible collateral as well as for the netting used by pbb Group for regulatory purposes are described in the Disclosure Report as at 31 December 2023 (chapter "Credit Risk Mitigation Techniques", sections "Valuation and Management of Eligible Collateral" and "On-Balance Sheet and Off-Balance Sheet Netting", page 108 et seq.).

Significant collateral in the context of credit risk minimisation

The core business of pbb Group is commercial real estate finance (Real Estate Finance, REF) with a focus on Pfandbrief-eligible business. In the context of counterparty credit risk mitigation (credit risk, counterparty credit risk), pbb Group takes the following material collateral into account:

- Real estate (mortgages)
- Sureties and guarantees
- financial securities.

Mortgages (real estate) are of particular importance for real estate financing. Furthermore, the pbb Group accepts sureties and guarantees as well as financial collateral (mainly cash collateral and in some cases securities) as security. Financial collateral is used by the pbb Group as security within the framework of netting agreements for derivatives and securities financing transactions (securities lending/repo transactions).

pbb Group did not enter into any hedging transactions with credit derivatives (purchased or sold credit protection) in the first half of 2024, neither as a protection buyer nor as a protection seller.

The guarantors are primarily financial institutions and public-sector customers. The guarantors have a very good credit rating. Risk Management & Control (RMC) reports regularly on the largest guarantors to pbb's Management Board as part of the risk reporting system.

Use of collateral to reduce own funds requirements

Real estate collateral is taken into account when determining the exposure at default (EaD), However, with the switch to the standardised approach (CRSA) and the F-IRBA for the majority of commercial real estate financing as at the end of June 2024 - and the risk weightings calibrated to standardised risk parameters for the calculation of RWA for the transitional period until CRR III ("Basel IV") finally comes into force and is approved by the supervisory authority - they are no longer taken into account directly in the LGD calculation and thus in the calculation of capital requirements to reduce credit risk in accordance with CRR. In addition to mortgages, financing collateral in property financing generally also includes rent assignments and the assignment of insurance benefits. This collateral is also not taken into account to minimise credit risk in accordance with the CRR.

Sureties and guarantees are recognised as credit risk-reducing through a regular PD substitution. This means that the lower risk weight of the guarantor is assigned to the secured portion of a receivable.

Financial collateral is taken into account to reduce credit risk when determining the exposure at risk (EaD).

The procedures for accepting collateral are set out in pbb Group's internal processing guidelines for each type of collateral. In order to enable legal enforceability, contractual standardisations are generally used, which are reviewed on an ongoing basis against the background of the changing legal environment. For this purpose, a Group-wide process has been set up to ensure that the enforceability of all CRR-relevant collateral is subject to ongoing legal monitoring. The calculation and determination of collateral values is documented in a comprehensible manner. Expert opinions used to estimate a liquidation value contain statements on the marketability of the collateral.

Quantitative information on credit risk mitigation

The following table EU CR3 shows the credit risk exposures secured by eligible collateral on the basis of the net carrying amount (broken down into loans and advances, including balances with central banks and sight deposits, as well as debt securities), for which the pbb Group calculates the risk-weighted exposure amounts using the IRB approach (F-IRBA), calibrated according to standardised risk parameters, or the standardised approach (CRSA).

In addition, table EU CR4 in accordance with Article 453 letters g, h and i CRR shows the effects of eligible collateral for exposures treated in accordance with the standardised approach (CRSA) ("Credit risk - standardised approach" section) and table EU CR7-A in accordance with Article 453 letter g CRR shows the effects for exposures treated in accordance with the IRB approach ("Credit risk - IRB approach" section).

The table EU CR7 according to article 453 letter j CRR regarding the effects of credit derivatives used as credit risk mitigation technique is not relevant for the pbb Group. The pbb Group has no credit derivatives in its portfolio as of the disclosure date.

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	10,097	30,127	28,912	1,215	-
2	Debt securities	3,836	1,057	-	1,057	---
3	**Total**	**13,932**	**31,184**	**28,912**	**2,272**	**-**
4	of which: non-performing exposures	54	1,128	1,110	18	-
5	thereof: defaulted	54	1,128	---	---	---

[1] EU CR3 shows the net value of the risk positions: Gross carrying amount after deduction of impairment losses on financial assets and after write-downs, but before application of credit risk mitigation techniques. Off-balance sheet items are not taken into account.
[2] Exposures to which at least one credit risk mitigation mechanism is assigned in accordance with Part 3, Title II, Chapter 4 of the CRR. These are collateral/guarantees that can be taken into account to reduce risk when calculating the capital requirements for the lending business. The value of the collateral/guarantees recognised is limited to the net value of the collateralised/guaranteed risk positions.
[3] Risk positions to which no credit risk minimisation technique has been applied, for which neither collateral has been pledged nor guarantees received. Central bank balances and receivables due from banks repayable on demand are also recognised under "Loans and credits".
[4] Risk positions collateralised by securities (real estate/ mortgages).

Credit risk – standardised approach

This chapter shows the information pursuant to Articles 444 (e) and 453 (g), (h) and (i) CRR on on- and off-balance sheet credit risk exposures for which the pbb Group calculates the risk-weighted exposure amounts according to the standardised approach (CRSA).

Application of the standardised approach

The pbb Group uses the standardised approach in accordance with Articles 111 et seq. CRR - in addition to the F-IRBA - for all credit risk exposures which are not subject to the PD rating system "SPV investors" (mainly IRBA exposure class Corporates - specialised lending).

Effect of credit risk mitigation

In the standardised approach, sureties and guarantees are taken into account to reduce credit risk through a regular substitution of the risk weight. This means that the lower risk weight of the guarantor is assigned to the secured portion of a receivable. This means that the collateralised portion of an IRBA receivable (e.g. of a company) is reported with the lower risk weight of the guarantor (e.g. a public corporation) in the standardised approach, or that guaranteed CRSA receivables are assigned to the lower risk weight and the risk position class of the guarantor. The guarantors are primarily financial institutions and public-sector customers 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 letter e and 453 letters g, h and i CRR show the exposure values (before and after credit risk mitigation) and the risk-weighted exposure amounts (RWA), the risk weights and the RWA density as well as the effects of the credit conversion factors (CCF) used and of eligible collateral for the on-balance sheet and off-balance sheet CRSA credit risk exposures, each broken down by exposure class.

EU CR4: Standardised approach - Credit risk and effect of credit risk mitigation

		a	b	c	d	e	f
	Exposure classes	**Exposures before CCF and before CRM [1]**		**Exposures post CCF and post CRM [2]**		**RWAs and RWAs 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]**	**RWAs density[4] (%)**
1	Central governments or central banks	6,800	-	8,189	-	11	0.14
2	Regional government or local authorities	3,659	96	4,135	48	84	2.00
3	Public sector entities	1,533	-	1,411	-	62	4.40
4	Multilateral development banks	304	-	304	-	-	-
5	International organisations	169	-	169	-	-	-
6	Institutions	949	-	61	-	19	31.19
7	Corporates	1,301	40	465	20	449	92.66
8	Retail	-	-	-	-	-	75.00
9	Secured by mortgages on immovable property	5,164	474	5,164	237	2,142	39.65
10	Exposures in default	312	20	294	10	221	72.83
11	Exposures associated with particularly high risk	518	432	518	216	1,098	149.63
12	Covered bonds	314	-	314	-	39	12.51
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	29	-	29	-	7	23.05
15	Equity	14	-	14	-	33	245.95
16	Other items [5]	177	-	177	-	337	191.00
17	**Total**	**21,244**	**1,061**	**21,244**	**531**	**4,503**	**20.68**

[1] Net value of CRSA 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] CRSA exposure at default (EaD) 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 exposure amounts (risk-weighted assets, RWA).
[4] RWA density (%): Calculated by dividing the RWA per CRSA exposure class (column e) by the respective EaD (columns c plus d).
[5] Deferred tax assets that mainly depend on future profitability and result from temporary differences or not from temporary differences.

EU CR5: Standardised approach

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Exposure classes	**Risk weight**															**Total**	**Of which unrated [2)]**
All figures in € million		**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1250%**	**Others**		
1	Central governments or central banks	8,136	-	-	-	52	-	-	-	-	1	-	-	-	-	-	8,189	1,700
2	Regional government or local authorities	3,765	-	-	-	418	-	-	-	-	-	-	-	-	-	-	4,183	3,611
3	Public sector entities	1,153	-	-	-	235	-	17	-	-	7	-	-	-	-	-	1,411	1,986
4	Multilateral development banks	304	-	-	-	-	-	-	-	-	-	-	-	-	-	-	304	-
5	International organisations	169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	169	-
6	Institutions	-	-	-	-	38	-	23	-	-	-	-	-	-	-	-	61	-
7	Corporates	-	-	-	-	1	-	-	-	-	481	2	-	-	-	-	485	478
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	2,548	2,854	-	-	-	-	-	-	-	-	5,401	5,297
10	Exposures in default	-	-	-	-	-	-	-	-	-	300	4	-	-	-	-	304	216
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	734	-	-	-	-	734	-
12	Covered bonds	-	-	-	235	79	-	-	-	-	-	-	-	-	-	-	314	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	26	-	-	-	-	-	-	-	-	-	-	-	-	-	3	29	3
15	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	13	-	-	-	14	-
16	Other items [3)]	-	-	-	-	-	-	-	-	-	69	-	107	-	-	-	177	69
17	**Total**	**13,554**	**0**	**0**	**235**	**823**	**2,548**	**2,893**	**0**	**0**	**858**	**741**	**120**	**0**	**0**	**3**	**21,774**	**13,362**

[1)] EU CR5 shows the CRSA exposure at default (EaD) after deduction of value adjustments/provisions and write-downs as well as after application of credit risk mitigation techniques and credit conversion factors (CCF).
[2)] A rating from a recognised rating agency (External Credit Assessment Institutions, ECAI) is not available.
[3)] Deferred tax assets that mainly depend on future profitability and result from temporary differences or not from temporary differences.

Credit risk – IRB approach

This chapter shows the information in accordance with Articles 452 and 453 (g) and (j) and 438 (h) CRR on on- and off-balance sheet credit exposures for which the pbb Group calculates the risk-weighted exposure amounts using the foundation IRB approach (F-IRBA) based on internal ratings-based approaches - in accordance with Articles 142 et seq. CRR.

The pbb Group uses the F-IRBA for the majority of commercial real estate financing, namely for all credit risk exposures which are allocated to the PD rating system "SPV Investors" (mainly risk exposure class Corporates - Specialised Finance). For a transitional period until CRR III ("Basel IV") comes into force and until approval by the supervisory authority, which is expected in the first half of 2025, the risk-weighted exposure values will be calibrated to standardised risk parameters within the scope of application of F-IRBA.

Quantitative disclosures on credit risk exposures under the IRB approach

The following table EU CR6 in accordance with Article 452 letter g CRR shows the on- and off-balance sheet credit risk exposures for the portfolios that fall within the scope of the IRB approach. It shows the key IRBA parameters that are relevant for the calculation of capital requirements. Table EU CR6 is only shown for the exposure classes relevant for the pbb Group. The IRBA exposure classes "Central governments and central banks", "Institutions" and "Retail business" do not occur in the pbb Group.

In addition, the EU CR7-A table in accordance with Article 453 letter g CRR shows the effects of eligible collateral in the IRB approach.

The EU CR7 table pursuant to Article 453 (j) CRR regarding the impact of credit derivatives used as a credit risk mitigation technique on risk-weighted exposure amounts (RWA) is not relevant for the pbb Group. The pbb Group continues to have no credit derivatives in its portfolio.

Table EU CR8 in accordance with Article 438 letter h CRR shows the changes in RWA in the second quarter of 2024 and the main reasons for this.

EU CR6: IRB approach - Credit exposures by exposure class and PD range

A-IRB	a PD range [1]	b On-balance sheet expo-sures [2]	c Off-balance-sheet expo-sures pre-CCF [3]	d Exposure weighted average CCF [4]	e Exposure post CCF and post CRM [5]	f Exposure weighted average PD (%) [6]	g Number of obligors	h Exposure weighted average LGD (%) [7]	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors [8]	k Density of risk weighted exposure amount (%) [9]	l Expected loss amount	m Value adjust-ments and provisions
All figures in € million, unless otherwise stated													
Corporates - SMEs	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	85	-	-	85	1.71	1	-	3	43	50.95	-	-
	0.75 to <1.75	85	-	-	85	1.71	1	-	3	43	50.95	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	5	-	-	5	4.06	2	-	3	2	39.57	-	-
	2.5 to <5	5	-	-	5	4.06	2	-	3	2	39.57	-	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal		**90**	**0**	**0.00**	**90**	**1.83**	**3**	**-**	**3**	**45**	**50.34**	**0**	**0**

A-IRB	a	b	c	d	e	f	g	h	i	j	k	l	m
	PD range [1]	On-balance sheet expo-sures [2]	Off-balance-sheet expo-sures 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 supporting factors [8]	Density of risk weighted exposure amount (%) [9]	Expected loss amount	Value adjust-ments 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	101	-	-	101	0.23	3	-	3	52	51.26	-	-
	0.25 to <0.50	343	-	-	343	0.40	10	-	3	157	45.81	-	-
	0.50 to <0.75	658	-	-	658	0.62	13	-	3	300	45.66	-	-
	0.75 to <2.50	8,214	207	0.75	8,369	1.71	142	-	3	4,695	56.10	-	-13
	0.75 to <1.75	4,041	88	0.75	4,107	1.32	78	-	3	2,270	55.27	-	-3
	1.75 to <2.5	4,173	119	0.75	4,263	2.09	64	-	3	2,426	56.91	-	-10
	2.50 to <10.00	12,196	377	0.75	12,474	4.09	200	-	3	8,280	66.38	-	-106
	2.5 to <5	9,621	268	0.75	9,817	3.48	156	-	3	6,334	64.52	-	-53
	5 to <10	2,575	109	0.75	2,657	6.34	44	-	3	1,946	73.22	-	-52
	10.00 to <100.00	261	5	0.75	264	11.41	3	-	3	209	79.07	-	-17
	10 to <20	261	5	0.75	264	11.41	3	-	3	209	79.07	-	-17
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	1,262	34	0.75	1,287	100.00	27	-	3	1,282	99.57	-	-307
Subtotal		**23,035**	**624**	**0.75**	**23,497**	**8.41**	**398**	**-**	**3**	**14,976**	**63.73**	**0**	**-443**

A-IRB	a PD range [1]	b On-balance sheet expo-sures [2]	c Off-balance-sheet expo-sures pre-CCF [3]	d Exposure weighted average CCF [4]	e Exposure post CCF and post CRM [5]	f Exposure weighted average PD (%) [6]	g Number of obligors	h Exposure weighted average LGD (%) [7]	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors [8]	k Density of risk weighted exposure amount (%) [9]	l Expected loss amount	m Value adjust-ments and provisions
All figures in € million, unless otherwise stated													
Corporates - others	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	42	-	-	42	0.63	1	-	3	15	35.00	-	-
	0.75 to <2.50	65	-	-	65	1.59	1	-	3	33	49.96	-	-
	0.75 to <1.75	65	-	-	65	1.59	1	-	3	33	49.96	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	61	4	0.75	65	6.78	1	-	3	62	96.50	-	-1
	2.5 to <5	-	-	-	-	-	-	-	-	-	-	-	-
	5 to <10	61	4	0.75	65	6.78	1	-	3	62	96.50	-	-1
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal		**168**	**4**	**0.75**	**172**	**3.31**	**3**	**-**	**3**	**110**	**63.84**	**0**	**-1**
Total (all exposure classes)		**23,293**	**628**	**0.75**	**23,759**	**8.35**	**404**	**-**	**3**	**15,130**	**63.68**	**0**	**-445**

[1] PD ranges for the estimated probability of default (PD) without taking into account substitution effects due to credit risk mitigation techniques.
[2] Gross carrying amount before deduction of valuation allowances (but after amortisation) and before application of credit risk mitigation techniques.
[3] Nominal value before deduction of provisions and before the application of credit risk minimisation techniques and credit conversion factors (CCF).
[4] Exposure-weighted average conversion factor for off-balance sheet exposures, weighted by the off-balance sheet exposure according to column (c).
[5] IRBA exposure at default (EaD) after application of credit risk mitigation techniques and credit conversion factors (CCF), but before deduction of value adjustments/provisions.
[6] Exposure-weighted average probability of default (PD), weighted by the exposure value in accordance with column (e).
[7] Exposure-weighted average loss given default (LGD), weighted by the exposure value in accordance with column (e).
[8] IRBA risk-weighted exposure amounts (risk-weighted assets, RWA) after support factors for SMEs and infrastructure in accordance with Articles 501 and 501a CRR. The IRBA exposure classes "Equity investments" and "Other assets that are not credit obligations", which are not based on own LGD and/or CCF estimates, are not recognised.
[9] RWA density (%): Calculated by dividing the RWA (column j) by the respective EaD (column e).
[10] Excluding specialised lending within the meaning of Article 153 (4) 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)**			
			Part of exposures covered by Financial Collaterals (%)	**Part of exposures covered by Other eligible collaterals (%)**			**Part of exposures covered by Other funded credit protection (%)**								
	A-IRB				**Part of exposures covered by Immovable property Collaterals (%)**	**Part of exposures covered by Receivables (%)**	**Part of exposures covered by Other physical collateral (%)**		**Part of exposures covered by cash on deposit (%)**	**Part of exposures covered by Life insurance policies (%)**	**Part of exposures covered by instruments held by a third party (%)**	**Part of exposures covered by Guarantees (%)**	**Part of exposures covered by Credit Derivatives (%)**	**RWA without substitution effects (reduction effects only)** [3]	**RWA with substitution effects (both reduction and sustitution effects)** [4]
All figures in € million, unless otherwise stated															
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporates	23,759	-	97.37	97.37	-	-	-	-	-	-	0.03	-	15,130	15,130
3.1	thereof: Corporates - SMEs	90	-	100.00	100.00	-	-	-	-	-	-	-	-	45	45
3.2	thereof: Corporates - Specialised lending	23,497	-	97.55	97.55	-	-	-	-	-	-	0.03	-	14,976	14,976
3.3	thereof: Corporates - Other	172	-	71.34	71.34	-	-	-	-	-	-	-	-	110	110
4	Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	**Total**	**23,759**	**0**	**97.37**	**97.37**	**0**	**0**	**0**	**0**	**0**	**0**	**0.03**	**0**	**15,130**	**15,130**

[1] Exposure at default (EaD) after credit conversion factors (CCF), but without taking into account credit risk mitigation techniques/substitution effects due to a guarantee.
[2] The collateral shown in columns (b) to (l) shows the share of the risk positions collateralised by it in the total risk positions as per column (a). The value of the collateral is based in each case on the value of the collateralised risk position.
[3] Risk-weighted exposure amounts (risk-weighted assets, RWA) according to credit risk mitigation techniques. The categorisation into an IRBA risk exposure class was based on the relevant risk exposure class of the original debtor.
[4] Risk-weighted IRBA exposure amounts (risk-weighted assets, RWA) according to credit risk mitigation techniques. The categorisation into an IRBA risk exposure class was based on the relevant risk exposure class of the protection seller.

Credit risk positions

The relevant regulatory exposure figure for determining risk-weighted exposure amounts (risk-weighted assets, RWA) and for calculating capital requirements is the exposure at default (EAD). The CRR-compliant EaD for IRBA credit risk positions represents the outstanding exposure in the event of default and corresponds to the IFRS carrying amount (including accrued interest) for most products. In the case of an existing committed free line, 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 a free credit line is expected to be utilised within one year before a possible default. The EaD is calculated for all receivables, regardless of whether a default event has actually occurred or not.

For the on- and off-balance sheet IRBA credit risk positions, the EaD amounts to € 23,759 million and the RWA to € 15,130 million (31 December 2023: € 15,434 million and 31 March 2024: € 16,039 million, both A-IRBA). The main reasons for the reduction in RWA in the second quarter of 2024 (€ -909 million compared to 31 March 2024) are shown in table EU CR8.

EU CR8: RWA flow statement for credit risks in accordance with the IRB approach

All figures in € million		a Risk weighted exposure amount [1]
1	**Risk weighted exposure amount as at 31.03.2024 [2]**	**16,039**
2	Asset size (+/-)	-53
3	Asset quality (+/-)	219
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-451
6	Acquisitions and disposals (+/-)	-685
7	Foreign exchange movements (+/-)	65
8	Other (+/-)	-3
9	**Risk weighted exposure amount as at 30.06.2024 [3]**	**15,130**

[1] Risk-weighted IRBA exposure amounts (RWA) after application of the SME support factor in accordance with Article 501 CRR, while counterparty credit risk exposures (derivatives and securities financing transactions) are not included in EU CR8.
[2] Advanced Internal Ratings Based Approach (A-IRBA).
[3] Foundation Internal Ratings Based Approach (F-IRBA).

Factors influencing the RWA reduction in the IRB approach were in particular the switch to the F-IRBA for the majority of commercial real estate financing and the calibration of risk weights to standardised risk parameters for RWA calculation (EU CR8, line 5), the sale of a portfolio of property loans (EU CR8, line 6), which comprised financing for office, residential and hotel properties in the USA and the UK, and repayments that exceeded new business in the second quarter of 2024 (EU CR8, line 2). Various effects had an offsetting impact on RWA (EU CR8, line 3), including decreasing market values of properties/increasing loan-to-value (LTV) ratios and rating downgrades for loan exposures. Currency effects (EU CR8, line 7), particularly with regard to the British pound (GBP) and the Swedish krona (SEK) as well as the US dollar (USD), also had an overall increasing effect on RWA.

RWA density

The average RWA density for IRBA credit risk exposures is 63.7% (31 December 2023: 48.9%, A-IRBA). Risk weights are a key component in determining the risk-weighted exposure amounts to be backed with own funds on a risk-oriented basis; the RWA are calculated by multiplying the risk weight and the exposure value (EAD).

PD

The probability of default (PD) indicates the probability that a borrower/counterparty will not be able to service its loan in accordance with the contract over the course of a year (regardless of the amount of the receivable and the collateral provided). The PD for IRBA credit risk positions averages 8.4% (31 December 2023: 7.1%, A-IRBA).

LGD

The loss given default (LGD) indicates the expected loss ratio which an institution suffers in the event of a customer default. Against the background of the model change from A-IRBA/CRSA to F-IRBA/CRSA at the end of June 2024 and the fact that pbb Group is calibrating risk weights to standardised risk parameters on a transitional basis until CRR III ("Basel IV") finally comes into force and is approved by the supervisory authority, pbb Group no longer uses its own LGD estimates.

CCF

The undrawn IRBA loan commitments amount to a total of € 628 million (31 December 2023: € 2,106 million, A-IRBA). The average CCF, which indicates how much of a free line is expected to be utilised within one year before a possible default, is 75% (31 December 2023: 67%; A-IRBA).

Counterparty credit risk

This chapter shows the information on pbb Group's counterparty credit risk resulting from derivatives and securities financing transactions (securities lending/repo transactions) in accordance with Article 439 CRR and additionally Articles 438 (h), 444 (e) and 452 (g) CRR.

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

Objectives and counterparties

Derivatives

Derivatives are primarily used in the pbb Group to hedge market risks resulting, for example, from changes in interest rates and exchange rates. These hedging transactions are matched by underlying transactions of asset or liability items. In this respect, the hedging of interest rate and currency risks is aimed at reducing or avoiding market risks. The counterparties in the derivatives business are primarily OECD credit institutions or Eurex Clearing. In addition, pbb Group provides derivatives for property and public-sector clients in order to be able to hedge the market risks of commercial property financing, for example.

Securities financing transactions

The use of securities lending/repo transactions serves the purpose of short-term liquidity management and is also a key source of collateralised 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) CRR. This enables the pbb Group to use a central counterparty for certain types of contracts, thereby reducing bilateral default risk.

Procedure for capital adequacy

Derivatives

For the calculation of 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. CRR. The Bank's own internal models (Internal Model Method, IMM) are not currently used.

For the calculation of the additional own funds requirement for OTC derivatives for the risk of a credit valuation adjustment (CVA risk) in accordance with Part 3, Title VI of the CRR, the pbb Group uses the standardised method in accordance with Article 384 CRR.

Securities financing transactions

For securities financing transactions (securities lending/repo transactions), the pbb Group applies the provisions for credit risk mitigation in accordance with chapter 4 of the CRR, the comprehensive method for taking financial collateral into account in accordance with articles 223 et seq. CRR.

Qualified central counterparty

For the calculation of own funds requirements for contributions to the default fund of a qualified central counterparty, the pbb Group applies the risk-sensitive method in accordance with Article 308 CRR.

Quantitative information on counterparty credit risk

The following tables EU CCR1 to EU CCR5 and EU CCR8 show the counterparty credit risk exposures of the pbb Group as of the disclosure date 30 June 2024.

The table EU CCR6 "Exposures to credit derivatives" in accordance with Article 439 (j) CRR is not relevant for the pbb Group. The pbb Group has not entered into any hedging transactions with credit derivatives (purchased or sold credit protection), neither as a protection buyer nor as a protection seller.

Similarly, the table EU CCR7 "RWA flow statement of CCR risk positions according to the IMM" pursuant to Article 438 (h) CRR is not relevant for the pbb Group. The pbb Group does not use an internal model method (IMM) for counterparty credit risk.

Counterparty default risk positions

The risk position values based on the exposure at default (EaD) for the counterparty credit risk - excluding initial margin and contributions to the default fund - amount to € 642 million (31 December 2023: € 862 million), of which € 219 million (31 December 2023: € 315 million) is attributable to receivables from the central counterparty Eurex Clearing. In the first half of 2024, both the EaD of securities financing transactions (€ -202 million compared to 31 December 2023) and that of derivative transactions (€ -18 million compared to 31 December 2023) declined.

Of the total of € 642 million, € 607 million is attributable to risk positions treated under the standardised approach (CRSA) and € 35 million to risk positions under the IRB approach (F-IRBA). The standardised approach includes the risk exposure values to Eurex Clearing (risk exposure class "Institutions").

The exposure at default (EaD) for the CVA risk amounts to € 171 million (31 December 2023: € 168 million). The CVA charge is the additional capital requirement for the risk of a credit valuation adjustment (CVA risk) for OTC derivatives, i.e. for potential (unexpected) market value losses in connection with a deterioration in the creditworthiness of a counterparty. Transactions with Eurex Clearing are not included in the capital requirement for CVA risk.

The risk positions for contributions to the default fund (default fund contribution) of Eurex Clearing amount to €15 million (31 December 2023: €20 million). The default fund serves to cover losses that may arise from the default of one or more clearing members and that exceed the losses covered by the initial margin.

Mitigation of counterparty default risk and collateralisation

Business with both derivatives and securities lending/repo transactions is usually concluded by means of standardised bilateral netting agreements, which serve to minimise the legal risk as well as the economic and regulatory counterparty default risk and enable the offsetting of mutual risks (netting). This allows the positive and negative market values of all contracts included under a netting agreement to be offset against each other and the regulatory future risk premiums of these products to be reduced. As part of the netting process, the 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 addition to the netting agreements, pbb Group also enters into standard collateral agreements (German collateralisation annex to the DRV or ISDA Collateral Support Annex) with certain business partners in order to hedge the net receivable/liability resulting after netting (receipt or provision of collateral). The collateral agreements limit the credit risk through prompt valuation and adjustment of the customer exposure (limit relief) and thus create scope for new business transactions within the counterparty lines granted.

Financial collateral, primarily cash collateral but also securities in some cases, is accepted as collateral for derivatives and securities lending/repo transactions. Collateral is generally provided by way of full title transfer, and in the case of securities also by pledging. As a rule, pbb provides or receives cash collateral in euros. Table EU CCR5 shows a breakdown of the collateral received and provided as of the disclosure date.

Table EU CCR1 shows the counterparty credit risk according to the method used in accordance with Article 439 letters f, g, k and m CRR. Exposures to central counterparties are not included; 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 in € million, unless otherwise stated		**Replacement cost (RC)** [4]	**Potential future exposure (PFE)** [5]	**EEPE** [6]	**Alpha used for computing 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)]	407	241	---	1.4	677	211	209	113
2	IMM (for derivatives and SFTs)	---	---	-	-	-	-	-	-
2a	of which: securities financing transactions netting sets	---	---	-	---	-	-	-	-
2b	of which: derivatives and long settlement transactions netting sets	---	---	-	---	-	-	-	-
2c	thereof: from contractual cross-product netting sets	---	---	-	---	-	-	-	-
3	Financial collateral simple method (for SFTs)	---	---	---	---	-	-	-	-
4	Financial collateral comprehensive method (for SFTs) [3]	---	---	---	---	214	214	214	54
5	VaR for SFTs	---	---	---	---	-	-	-	-
6	**Total**	---	---	---	---	**891**	**425**	**423**	**167**

[1] Table EU CCR1 does not contain any exposures to central counterparties (CCPs).
[2] pbb measures the exposure value for the counterparty credit risk of 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 uses the provisions for credit risk mitigation in accordance with part 3, chapter 4 of the CRR, the comprehensive method in accordance with article 223 et seq. CRR.
[4] Replacement cost (RC), taking into account the collateral received/provided, calculated in accordance with Article 275 CRR.
[5] Potential future exposure (PFE) calculated in accordance with Article 278 CRR.
[6] Effective expected positive exposure (effective EPE) in accordance with Article 272 (22) CRR using the internal model method (IMM).
[7] Derivatives (line 1): Risk position value after netting, but before credit risk mitigation (collateral received) and without taking into account CVA (credit value adjustments) losses recognised in the income statement.
SFTs (line 4): Exposure value (cash or securities amount) before netting and before credit risk mitigation.
[8] Derivatives (line 1): Exposure value after netting and after credit risk mitigation (collateral received), but excluding CVA losses recognised in the income statement.
SFTs (row 4): Risk position value (exposure at default, EaD) after netting and after credit risk mitigation.
[9] Exposure at Default (EaD), the relevant amount (this receives the risk weight of the counterparty) for the calculation of the risk-weighted exposure amounts (column h).
The EaD of a netting set is calculated as follows: EaD = 1.4 x (RC + PFE).
Derivatives (row 1): Exposure value after netting and after credit risk mitigation (collateral received) and after taking into account CVA losses recognised in the income statement.
SFTs (row 4): Exposure value after netting and after credit risk mitigation.
[10] Risk-weighted exposure amounts (risk-weighted assets, RWA) for determining capital requirements in accordance with the standardised or IRB approach to credit risk.

Table EU CCR8 shows the exposures to central counterparties in accordance with Article 439 (i) 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)**	**---**	**8**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); thereof	219	4
3	(i) OTC derivatives	14	0.3
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	204	4
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin [3]	-	---
8	Non-segregated initial margin [4]	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	15	3
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

[1] Exposure at default (EaD), excluding exposures to non-CCPs (CCP: central counterparty).
[2] Risk-weighted exposure amounts (risk-weighted assets, RWA), excluding exposures to non-CCPs.
[3] Collateral that is held extrajudicially and protected against insolvency within the meaning of Article 300 (1) CRR.
[4] Collateral that is not held extrajudicially and protected against insolvency within the meaning of Article 300 (1) CRR.

Table EU CCR2 shows the own funds requirements for CVA risks in accordance with the method used pursuant to Article 439 letter h CRR. No CVA charge is calculated for exposures to the central counterparty Eurex Clearing in accordance with Article 382 CRR.

EU CCR2: Capital requirements for CVA risk

		a	b
All figures in € million, unless otherwise stated		**Exposure value [2)]**	**RWEA**
1	Total transactions subject to the Advanced method	-	-
2	(i) VaR component (including the 3× multiplier)	---	-
3	(ii) stressed VaR component (including the 3× multiplier)	---	-
4	Transactions subject to the Standardised method [1)]	171	122
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
5	**Total transactions subject to own funds requirements for CVA risk**	**171**	**122**

[1)] pbb uses the standardised approach in accordance with Article 384 CRR to determine the own funds requirements for the risk of a credit valuation adjustment (CVA risk) for OTC derivatives. Transactions with Eurex Clearing, the central counterparty (CCP) used by pbb, are not included in the own funds requirement for the CVA risk.

[2)] Exposure at default (EaD), relevant amount (this receives the risk weight of the counterparty) for the calculation of the risk-weighted exposure amounts (column b).

Table EU CCR3 shows the counterparty credit risk under the standardised approach by exposure class and risk weight in accordance with Articles 439 (l) and 444 (e) CRR. The standardised approach includes the exposure values to Eurex Clearing (exposure class "Institutions").

EU CCR3: Standardised approach - CCR exposures 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	Institutions	-	219	-	-	195	190	-	-	-	-	-	604
7	Corporates	-	-	-	-	-	-	-	-	2	-	-	2
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**1**	**219**	**0**	**0**	**195**	**190**	**0**	**0**	**2**	**0**	**0**	**607**

1) Exposure at Default (EaD), including transactions cleared with Eurex Clearing, according to COREP reporting of 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) CRR. The table is only shown for the exposure class "Corporates - specialised lending". No counterparty default risk exposures are allocated to the other IRBA exposure classes as at the disclosure date.

EU CCR4: IRB approach - CCR exposures 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	7	1.71	39	-	3	6	92.12
6		2.50 to <10.00	28	3.35	54	-	3	24	86.92
7		10.00 to <100.00	-	-	-	-	-	-	-
8		100.00 (Default)	-	-	-	-	-	-	-
	Sub-total		**35**	**3.01**	**93**	**-**	**3**	**30**	**88.06**
Total (all CCR-relevant risk position classes) [7]			**35**	**3.01**	**93**	**-**	**3**	**30**	**88.06**

[1] PD ranges for the estimated probability of default (PD) without taking into account substitution effects due to credit risk mitigation techniques.
[2] Exposure at Default (EaD).
[3] Exposure-weighted average probability of default (PD), weighted by the exposure value in accordance with column (a).
[4] Exposure-weighted average loss given default (LGD), weighted by the exposure value as per column (a).
[5] Risk-weighted exposure amounts (risk-weighted assets, RWA).
[6] RWA density (%): Calculated by dividing the RWA (column f) by the respective EaD (column a).
[7] No CCR exposures are allocated to the IRBA exposure classes central governments and central banks, institutions and retail business as at the disclosure date, which is why no breakdown of these exposure classes is provided.

Table EU CCR5 shows the collateral received and provided for counterparty credit risk, separately for derivatives and securities financing transactions, in accordance with Article 439 point (e) CRR. Further information on the collateral used is described in the section "Mitigation of counterparty credit risk and collateralisation".

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**			
	Collateral type	**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	-	263	-	1,217	-	9	-	-
2	Cash - other currencies	-	97	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	793	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	940	-	-
9	**Total**	**0**	**360**	**0**	**1,217**	**0**	**1,742**	**0**	**0**

[1)] Collateral that is held extrajudicially and protected from insolvency within the meaning of Article 300 (1) CRR.
[2)] Collateral that is not held extrajudicially and protected against insolvency within the meaning of Article 300 (1) CRR.

Securitisations

As of the disclosure date 30 June 2024, the pbb Group still has no exposures from securitisations in its portfolio. The information and tables pursuant to Article 449 CRR in conjunction with EU SEC1 to EU SEC5 are therefore not required to be disclosed for the pbb Group.

No new securitisations of own receivables are planned for the 2024 financial year. The business strategy of the pbb Group does not currently provide for new securitisations.

Market risk

Market risk describes the risk of a loss in market value or a negative change in periodic net interest income due to fluctuations in the market prices of financial instruments. Transactions of the pbb Group are mainly exposed to the following types of market risk: general interest rate risk (risk due to changes in general market interest rates), basis risk (risk due to changes in tenor basis spreads or cross-currency basis spreads), volatility risk (risk due to changes in implied volatilities), credit spread risk (risk due to changes in credit spreads), foreign currency risk (risk due to changes in foreign currency exchange rates) and concentration risk (risk of additional losses due to a one-sided portfolio composition).

This chapter shows the information for determining the own funds requirements for market risk (including interest rate risk in the banking book) of the pbb Group in accordance with Article 445 CRR and on interest rate risk in the banking book in accordance with Article 448 CRR. However, a disclosure according to article 455 CRR "Use of internal models for market risk" is not relevant for the pbb Group. The pbb Group currently does not use its own internal models approach (IMA) for calculating own funds requirements, but the standardised approach in accordance with Article 325 et seq. CRR.

Capital requirement for market risk

Market risks must be backed by own funds in accordance with part 3, title IV of the CRR. The pbb Group still does not maintain a trading book for securities and derivatives portfolios with the intention of generating short-term profits. In this respect, the transactions of the pbb Group are exclusively subject to the own funds requirements for the foreign currency risk of the banking book (the risk arising from changes in foreign exchange rates), as shown in the following table EU MR1 in accordance with Article 445 CRR. For the calculation of own funds requirements for market risks, the pbb Group uses the standardised approach in accordance with Articles 325 et seq. CRR.

The Bank does not currently use its own internal models (Internal Models Approach, IMA) in accordance with Articles 362 et seq. CRR for the calculation of own funds requirements are currently not used by the pbb Group. In this respect, the tables EU MR2-A/EU MR2-B, EU MR3 and EU MR4 in accordance with Articles 455 and 438 (h) CRR are not relevant for the pbb Group.

Quantitative information on market risk

Table EU MR1 in accordance with Article 445 CRR shows the own funds requirements and the risk-weighted exposure amounts (RWA) for market risk of the pbb Group.

RWA amounted to € 20 million as at the disclosure date (31 December 2023: € 52 million). The reduction in RWA in the first half of 2024 is primarily due to changes in the credit spread for the US dollar (USD). Capital backing for market risks amounted to € 2 million as at the disclosure date (31 December 2023: € 4 million).

EU MR1: Market risk under the standardised approach

		a	a
All figures in € million		**Risk-weighted assets (RWA)**	**Minimum capital requirement**
	Outright products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	20	2
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**20**	**2**

Interest rate risk in the banking book

In contrast to counterparty default risks, other market risks (foreign currency risks) or operational risks, the CRR does not provide for regulatory capital backing for interest rate risk in the banking book.

Irrespective of the fact that no capital backing is provided, pbb Group applies the same methods and processes for interest rate risk in the banking book as for market risk measurement, which are described in the Disclosure Report as of 31 December 2023 (chapter "Management of market risk", page 143 et seq.). As explained there, pbb also includes periodic interest rate risks in addition to present value interest rate risks, and measures, manages and monitors these risks on a regular basis.

pbb is subject to direct supervision by the ECB and fulfils 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 banking book comprise the risk to the economic value of an institution arising from unfavourable interest rate movements with an impact on interest rate-sensitive instruments, including yield curve risk (gap risk), basis risk and option risk. These present value risks, measured in the form of sensitivities and value-at-risk ratios, are determined on a daily basis by Risk Management & Control (RMC) for all interest rate-sensitive positions in the banking book, independently of trading. Compliance with the sensitivity triggers and the Value at Risk (VaR) limits is also reviewed on a daily basis and reported to pbb's Management Board. The internal and regulatory stress scenarios specific to the present value interest rate risk in the banking book are calculated on a monthly basis in accordance with the requirements of the EBA guidelines EBA/GL/2022/14, including the six interest rate scenarios specified in accordance with Delegated Regulation (EU) 2024/856 of 1 December 2023.

Periodic interest rate risk

The periodic interest rate risk in the banking book reflects the risk of changes in the yield curves in relation to the bank's earnings position. The measurement considers the changes in net interest income under the assumption of a constant balance sheet total (delta static net interest income) in accordance with IFRS 9, which result from interest rate changes. The calculation is performed on a quarterly basis with a simulation horizon of the following four quarters.

In addition, the dynamic earnings model is used for the internal management of the periodic interest rate risk (in accordance with EBA/GL/2022/14). In contrast to static net interest income, no constant balance sheet total is assumed here; instead, new business data is taken from the multi-year plan and, in addition to net interest income, net commission income, net realised gains/losses, net gains/losses from financial instruments at fair value through profit or loss and changes in accumulated other comprehensive income are calculated. Negative deviations from the base value are always monitored at the end of each quarter with a trigger for the change in the income statement and in accumulated other comprehensive income. In pbb's various interest rate stress scenarios, the triggers were not triggered in the disclosure period from 31 December 2023 to 30 June 2024. The periodic interest rate risk is assessed on a quarterly basis as part of the dynamic earnings model.

Quantitative disclosures on interest rate risk in the banking book

The table EU IRRBB1 in accordance with article 448 (1) letters a and b 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 the banking book positions in the event of shifts in the yield curves within the six interest rate scenarios specified in accordance with Delegated Regulation (EU) 2024/856 of 1 December 2023.

Present value interest rate risk

Overall, as at the end of June 2024, the pbb Group shows the largest negative present value change potential from the interest rate shock scenario, which simulates a parallel upward shift of the yield curves, under the above-mentioned assumptions in accordance with the EBA/GL/2022/14 guidelines and the Delegated Regulation (EU) 2024/856 of 1 December 2023. In this scenario, the present value loss in the banking book amounts to € 199 million.

Periodic interest rate risk

With regard to periodic interest rate risks, a sudden parallel rise in the yield curves would have a slightly negative impact on the delta static NII. The change in the delta static NII as at 30 June 2024 amounts to a total of € -3 million in the event of a currency-specific parallel shift in the yield curves of +150/+200 basis points or € 9 million in the event of a currency-specific parallel shift of -150/-200 basis points (with a dynamic interest rate floor in accordance with EBA/GL/2022/14). The change compared to the previous reporting period is mainly due to the balance sheet structure and the Static NII method.

EU IRRBB1: Interest rate risk in the banking book

		a	b	c	d
	Supervisory shock scenarios	**Changes in economic value of equity [1)]**		**Changes of the net interest income [2)]**	
All figures in € million		**30.06.2024**	**31.12.2023**	**30.06.2024**	**31.12.2023**
1	Parallel up	-199	-206	-3	-2
2	Parallel down	107	129	9	5
3	Steepener	-9	1	-	-
4	Flattener	-33	-42	-	-
5	Short rate up	-89	-106	-	-
6	Short rate down	46	62	-	-

[1)] □□EVE: Measure of changes in the present value of all interest-sensitive instruments in the banking book resulting from sudden interest rate movements, assuming that all positions in the banking book expire without replacement.

[2)] ∆ NII: The NII change is an earnings-based measure and measures the change in net interest income resulting from a sudden interest rate movement within the following four quarters. The ∆ NII figures shown relate to a currency-specific parallel shift in the yield curves of +/- 200 basis points.

Liquidity and funding risk

Liquidity risk is the risk of not being able to fulfil existing or future payment obligations in full or on time, or not being able to fulfil them in full or on time.

The chapter "Liquidity and funding risk" shows the 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) 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. the portfolio of high-quality liquid assets) and its net liquidity outflows during a stress phase of 30 calendar days and is expressed as a percentage.

In accordance with Article 412 CRR, the LCR is intended to oblige institutions to maintain a liquidity buffer in the form of highly liquid assets in order to be able to compensate for net cash outflows over a period of 30 days in the event of stress. The specified stress scenario includes both market-wide and institution-specific effects. In stress periods, institutions may use their liquid assets to cover their net liquidity outflows, even if such use of liquid assets results in the LCR falling below the applicable minimum value of 100% in such phases.

Regulatory requirements stipulate a minimum LCR of 100%. The values determined for the pbb Group were significantly above this minimum value at all times in the first half of 2024. The LCR as at the disclosure date of 30 June 2024 was 304% (31 March 2024: 175%).

Information on the liquidity coverage ratio

The following table EU LIQ1 in accordance with article 451a (2) CRR shows the information on the LCR for the pbb Group. The information comprises the values and figures as at the disclosure date of 30 June 2024 and for each of the three calendar quarters preceding the disclosure date. In contrast to the reporting date values mentioned above, these values and figures are calculated as simple averages of the end-of-month surveys over the twelve months preceding the end of each quarter. Table EU LIQ1 contains all items relevant to the LCR calculation.

The average LCR as at 30 June 2024 is 281% (EU LIQ1, row 23, column e). This is mainly due to the high liquidity reserve, consisting of highly liquid assets (HQLA). Changes in the liquidity reserve and in net liquidity outflows are due to the different dynamics of new business in property financing and its refinancing.

Liquidity management within the pbb Group

pbb is the only credit institution of pbb Group. Liquidity management is carried out exclusively by pbb.

Sources of refinancing

The pbb Group utilises a wide range of funding sources. In addition to deposits from private and institutional clients, funding is obtained by issuing Pfandbriefs, promissory notes and uncovered bonds on the capital market, as well as via open market transactions with the ECB and repo transactions on the interbank market and Eurex.

Liquidity buffer

As at the disclosure date, the liquidity reserves totalled € 3,551 million (average value), consisting of highly liquid level 1 assets. The liquidity buffer consists primarily of liquid funds and HQLA Level 1 bonds. Level 1 includes deductible deposits with Deutsche Bundesbank, bonds issued by central governments, regional or local authorities, public bodies, multilateral development banks or international organisations and banks with government guarantees.

Liquidity outflows and inflows

Liquidity inflows are influenced in particular by expected loan repayments and refinancing funds raised. The liquidity outflows are broken down as follows (in order of magnitude):

> Mortgage loans or other loans committed but not yet drawn down
> refinancing funds due
> potential requests for collateral.

On average, cash flows from derivative positions only accounted for a small proportion of total net cash flows in the first half of 2024. pbb Group uses a historical look-back approach (HLBA) as the methodology for calculating potential collateral calls for derivatives, i.e. collateral calls observed in the past are analysed and a conservative assumption for potential future collateral calls is derived from this. On average, this value was € 471 million. Possible rating changes are not expected to have any significant impact on the provision of collateral.

Significant foreign currency

As of the disclosure date, the pbb Group has one significant currency in accordance with article 415 (2a) CRR, the foreign currency US dollar (USD), whose aggregated liabilities amount to at least 5% of total liabilities. The foreign currency positions have no material impact on the liquidity position.

EU LIQ1: Quantitative information on the LCR

All figures 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:**	**30.06.2024**	**31.03.2024**	**31.12.2023**	**30.09.2023**	**30.06.2024**	**31.03.2024**	**31.12.2023**	**30.09.2023**
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)	---	---	---	---	**3,551**	**3,443**	**3,748**	**4,094**
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	925	984	1,089	1,196	195	207	227	249
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	913	972	1,076	1,183	182	194	215	237
5	Unsecured wholesale funding	721	767	827	832	575	601	657	649
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	333	369	369	413	186	203	199	230
8	Unsecured debt	389	398	458	419	389	398	458	419
9	Secured wholesale funding	---	---	---	---	58	39	30	61
10	Additional requirements	471	471	470	465	471	471	470	465
11	Outflows related to derivative exposures and other collateral requirements	471	471	470	465	471	471	470	465
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	179	170	105	44	159	150	85	25
15	Other contingent funding obligations	2,350	2,479	2,597	2,722	661	718	740	777
16	**Total cash outflows**	---	---	---	---	**2,119**	**2,186**	**2,209**	**2,226**
Cash inflows									
17	Secured lending (e.g. reverse repos)	263	462	432	404	151	128	101	6
18	Inflows from fully performing exposures	608	580	517	479	393	371	333	306
19	Other cash inflows	157	168	191	155	157	168	191	155
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**	1,028	1,209	1,140	1,038	**700**	**667**	**624**	**467**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	1,028	1,209	1,140	1,038	700	667	624	467
Total adjusted value									
EU-21	**Liquidity buffer**	---	---	---	---	**3,551**	**3,443**	**3,748**	**4,094**
22	**Total net cash outflows**	---	---	---	---	**1,418**	**1,518**	**1,585**	**1,759**
23	**Liquidity coverage ratio (%)**	---	---	---	---	**281**	**249**	**255**	**237**

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

Net stable funding ratio

The net stable funding ratio (NSFR) is calculated from the ratio of available stable funding (ASF) and required stable funding (RSF); the NSFR is stated as a percentage.

In contrast to the liquidity coverage ratio (LCR), which is intended to ensure a liquidity buffer in the event of stress over a period of 30 days, the net stable funding ratio (NSFR) is intended to ensure medium and long-term structural, stable liquidity. The aim of the NSFR is to ensure a sustainable maturity structure of assets and liabilities. The determining factors 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.

Regulatory requirements stipulate a minimum NSFR of 100%. The figures determined for the pbb Group were significantly above this minimum value at all times in the first half of 2024. The NSFR as at the disclosure date of 30 June 2024 was 115% (31 March 2024: 109%).

Quantitative information on the net stable funding ratio

The following tables EU LIQ2 pursuant to Article 451a (3) CRR show the quarter-end figures regarding the NSFR for the pbb Group for each quarter of the relevant disclosure period 2024.

The fluctuations in the NSFR in the first half of 2024 are mainly due to changes in the maturity structure of assets and liabilities. In particular, roll-down effects on refinancing funds should be mentioned here.

EU LIQ2: Net stable funding ratio (end of quarter as at 30 June 2024)

		a	b	c	d	e
Quarter-end figures as of 30.06.2024		Unweighted value by residual maturity				Weighted value
All figures in € million, unless otherwise stated		No maturity	< 6 months	6 months to < 1yr	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments	3,311	-	-	331	3,642
2	Own funds	3,311	-	-	331	3,642
3	Other capital instruments	---	-	-	-	-
4	Retail deposits	---	1,802	2137	4,214	7,759
5	Stable deposits	---	-	-	-	-
6	Less stable deposits	---	1,802	2137	4,214	7,759
7	Wholesale funding:	---	4,310	2,071	25,566	26,745
8	Operational deposits	---	-	-	-	-
9	Other wholesale funding	---	4,310	2,071	25,566	26,745
10	Interdependent liabilities	---	-	-	-	-
11	Other liabilities:	175	53	-	57	57
12	NSFR derivative liabilities	175	---	---	---	---
13	All other liabilities and capital instruments not included in the above categories	---	53	-	57	57
14	**Total available stable funding (ASF)**	---	---	---	---	**38,204**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)	---	---	---	---	1,077
EU-15a	Assets encumbered for more than 12m in cover pool	---	-	-	23,863	20,283
16	Deposits held at other financial institutions for operational purposes	---	-	-	-	-
17	Performing loans and securities:	---	2,874	2,105	8,967	9,713
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	---	336	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	---	200	42	377	418
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, thereof:	---	2,144	1,877	7,024	8,981
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	---	49	87	90	841
22	Performing residential mortgages, thereof:	---	170	164	1,224	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	---	127	73	945	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	---	24	22	861	754
25	Interdependent assets	---	-	-	-	-
26	Other assets:	-	2,812	-	191	1,787
27	Physical traded commodities	---	---	---	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	---	-	-	-	-
29	NSFR derivative assets	---	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	---	1,280	-	-	64
31	All other assets not included in the above categories	---	1,532	-	191	1,723
32	Off-balance sheet items	---	-	-	1,851	479
33	**Total RSF**	---	---	---	---	**33,338**
34	**Net stable funding ratio (%)**	---	---	---	---	**115**

EU LIQ2: Net stable funding ratio (end of quarter as at 31 March 2024)

		a	b	c	d	e
Quarter-end figures as of 31.03.2023		Unweighted value by residual maturity				Weighted value
All figures in € million, unless otherwise stated		No maturity	< 6 months	6 months to < 1yr	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments	3,279	-	-	359	3,638
2	Own funds	3,279	-	-	359	3,638
3	Other capital instruments	---	-	-	-	-
4	Retail deposits	---	1,703	1887	3,562	6,793
5	Stable deposits	---	-	-	-	-
6	Less stable deposits	---	1,703	1887	3,562	6,793
7	Wholesale funding:	---	6,027	3,560	26,091	28,038
8	Operational deposits	---	-	-	-	-
9	Other wholesale funding	---	6,027	3,560	26,091	28,038
10	Interdependent liabilities	---	-	-	-	-
11	Other liabilities:	182	59	-	58	58
12	NSFR derivative liabilities	182	---	---	---	---
13	All other liabilities and capital instruments not included in the above categories	---	59	-	58	58
14	**Total available stable funding (ASF)**	---	---	---	---	**38,527**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)	---	---	---	---	1,516
EU-15a	Assets encumbered for more than 12m in cover pool	---	-	-	24,810	21,088
16	Deposits held at other financial institutions for operational purposes	---	-	-	-	-
17	Performing loans and securities:	---	3,944	2,210	9,061	10,092
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	---	935	-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	---	132	69	446	494
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, thereof:	---	2,215	1,881	7,343	9,358
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	---	62	61	198	961
22	Performing residential mortgages, thereof:	---	311	225	1,215	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	---	104	179	968	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	---	350	35	573	680
25	Interdependent assets	---	-	-	-	-
26	Other assets:	-	2,862	-	239	1,878
27	Physical traded commodities	---	---	---	-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	---	-	-	-	-
29	NSFR derivative assets	---	-	-	-	-
30	NSFR derivative liabilities before deduction of variation margin posted	---	1,286	-	-	64
31	All other assets not included in the above categories	---	1,575	-	239	1,814
32	Off-balance sheet items	---	-	-	2,218	714
33	**Total RSF**	---	---	---	---	**35,288**
34	**Net stable funding ratio (%)**	---	---	---	---	**109**

Environmental, social and governance (ESG) risk

This section shows the information on environmental, social and governance risks (ESG risks) in accordance with Article 449a CRR in conjunction with Article 435 CRR. Article 435 CRR. In accordance with Article 449a CRR, the disclosure obligation is aimed at large, capital market-oriented institutions and comprises qualitative information on the handling 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 resulting from the adjustment process towards a lower-carbon and more environmentally sustainable economy. In accordance with Implementing Regulation (EU) 2022/2453, the ESG disclosure requirements will be supplemented by further qualitative and quantitative information by the reporting date of 31 December 2024.

Management of ESG risk

Definition

In accordance with EBA/REP/2021/18, the 8th MaRisk amendment and the ECB Guide on Climate and Environmental Risks, pbb Group defines ESG risk as the risk of negative financial impact on the institution resulting from current or expected impacts of ESG factors on its counterparties or invested assets. 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, state or individual. ESG risk also includes negative financial, economic and social impacts that could arise from the activities of the institution itself. ESG risk includes the following components:

Environmental risks

pbb defines climate and environmental risks as risks of losses and negative impacts resulting from climate change and environmental degradation. Climate and environmental risks are generally understood to comprise the following two main risk drivers:

- Physical risk: Physical risk refers to the financial impact of a changing climate. These impacts include the more frequent occurrence of extreme weather events and gradual climate change, as well as environmental degradation (such as air and water pollution, land pollution, water stress, biodiversity loss and deforestation). A physical risk is considered acute if it arises as a result of extreme events such as droughts, floods and storms. If it is the result of gradual changes (e.g. rising temperatures, rising sea levels, water stress, biodiversity loss, land use change, habitat destruction and resource scarcity), it is classified as chronic. The impacts can occur directly (for example as damage to property or in the form of reduced productivity) or indirectly, for example through subsequent events such as the disruption of supply chains.

- Transition risk: pbb defines transition risk (also referred to as "transition risk") as the risk of financial losses incurred by institutions directly or indirectly as a result of the adjustment process towards a lower-carbon and more environmentally sustainable economy. This risk could materialise, for example, as a result of sudden political measures to protect the climate and the environment, technological progress or changes in market sentiment and preferences.

Social risks

By social risks, pbb understands the risks of negative financial effects on the institution resulting from the current or future impact of social factors - in particular from non-compliance with human and labour rights and concerns, from any negative impact of economic activities on society/communities in general or in particular (for example on indigenous minorities or similar) as well as from product safety and end customers - on its counterparties or the invested assets. Negative effects may also result from social factors arising from the institution's own activities.

Governance risks

pbb defines governance risks as the risks of negative financial effects on the institution resulting from the current or future impact of governance factors on its counterparties or invested assets. Negative effects from governance factors may also result from the institution's own activities.

Sustainability strategy and pbb's understanding of sustainability

The principle of sustainability is the guiding principle for pbb Group in fulfilling its corporate responsibility. Sustainability is defined as the self-image of 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 law-abiding behaviour with integrity, responsible corporate governance and adherence to high ethical principles are a necessary condition for long-term business success. For this reason, pbb Group aims to combine economic success and sustainability aspects in the best possible way, thereby creating long-term benefits for society and conserving natural resources.

pbb Group's overarching objective remains to contribute to achieving the Paris Climate Agreement. For pbb Group, this means that it is working to align both its loan portfolio and its business operations with the 1.5 degree Celsius target.

pbb adopted a comprehensive ESG strategy for the first time in 2021 and has continuously developed it since then. This takes into account the growing importance of sustainability for society and the economy, and encourages all organisational units of pbb Group to address the issue of sustainability.

To determine the material sustainability aspects, pbb Group conducted a comprehensive materiality analysis in 2019, which has been reviewed annually since then. The individual ESG topics and the aspects assigned to them were assessed with regard to their relevance for pbb Group's business activities on the one hand, and the impact of the Group's business activities on sustainability aspects (inside-out and outside-in perspective) and their classification along the value chain on the other. These remained largely unchanged in the first half of 2024 compared with the previous year.

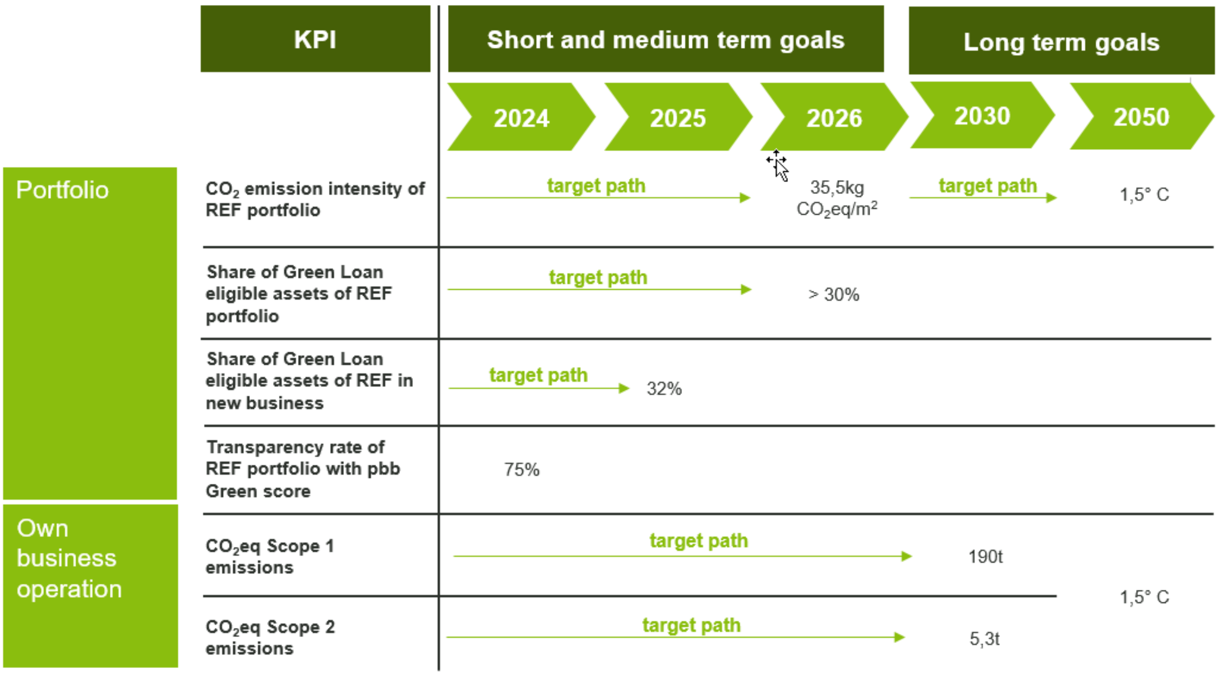
The sector-specific aspects of sustainable financing solutions, client orientation and risk management, as well as corporate governance and employee matters, have the greatest influence on pbb Group's business activities. In contrast, environmental issues in terms of pbb Group's own consumption of resources and social issues have a relatively minor influence due to the business model. Respect for human rights and combating corruption and bribery are also relevant for pbb Group.

The five strategic ESG objectives of pbb Group resulting from the overarching ESG topics are as follows:

- Positioning as a transformation (re-)financier in the property industry
- Sustainable (re)financing
- Sustainable operational ecology
- Fulfilment of regulatory requirements
- Holistic transparency and communication as the basis of pbb Group's economic success and its values.

With the ESG Strategy 2023, pbb Group strategically further developed its positioning as a transformation financier with an increased level of ambition. For quantitative management purposes, pbb uses a system of key figures which also takes regulatory indicators and market developments into account. In the last two years, the focus has been on determining green asset ratios (GAR), among other things. However, from pbb Group's perspective, the GAR according to the EU taxonomy are not meaningful with regard to the actual share of environmentally sustainable assets, as there are already restrictions in the taxonomy-eligible figures, depending on the size and capital market orientation of the clients, among other things. No market practices have yet emerged for adjusted and self-defined ratios. In the future, CO_2 emissions intensity will emerge as an important cross-company target with the ESG Strategy 2024. To this end, pbb Group has developed a climate pathway with the aim of actively steering the Real Estate Finance (REF) portfolio towards CO_2 reduction. The pbb Group's climate pathway is geared towards limiting global warming to 1.5 degrees Celsius, calculated from the pre-industrial age to the year 2050.

E-target values



As a first milestone, pbb has developed the Green Loan and Green Bond Framework, including the respective products, and has set itself the target of having a share of more than 30% of Green Loan-eligible assets in the property financing portfolio 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. distance to public transport, use of green electricity) with an overall score between 0 and 100 or based on the EU taxonomy. In addition to this assessment, various other analyses are carried out, including as part of the new business analysis, such as using the decarbonisation tool based on the CRREM (Carbon Risk Real Estate Monitor) tool to determine the climate risks of the individual property. In addition, particular focus is placed on the opportunities for transformation into a sustainable property.

The pbb Group has set itself the goal of aligning its financing portfolios with the 1.5 degree Celsius target. A further key performance indicator (KPI) was therefore defined in 2024, which measures the CO_2 emissions intensity of the property financing portfolio. Target values were defined for this indicator with the aim of reducing emissions intensity. These target values are based on pbb's own decarbonisation pathway, which the Bank has developed. For this purpose, pbb has used the data obtained from its clients via data collection. Information on energy efficiency is currently available for 78% of the property financing portfolio. The starting point enables the decarbonisation of the real estate finance portfolio to be forecast, taking into account the current business plan and its extrapolation to 2050. pbb's own decarbonisation pathway is compared with a reference pathway derived from the 1.5 degree Celsius CRREM pathway, which is made up of the individual climate pathways of pbb's specific property types and countries. Corresponding control mechanisms are currently being prepared. The achievement of pbb's internally defined ESG targets is analysed using tools. Reporting takes place as part of a half-yearly reporting process, which is submitted to both the Management Board and the Supervisory Board. The target values and the management concept are reviewed annually by the ESG Committee. In addition, the management concept is currently being further developed as part of the establishment of management mechanisms to achieve the decarbonisation targets for the property financing portfolio.

pbb Group maintains a regular and intensive dialogue with its clients in order to understand their needs. In an initial ESG-related client dialogue, pbb analysed how its client base perceives ESG issues in general, the associated pressure to transform, and the resulting business opportunities. The dialogue also raised the profile of pbb's existing ESG expertise and ESG products. The information obtained from the dialogue serves as a basis for the further development of ESG portfolio analysis and management. As a further direct consequence, pbb co-founded Eco Estate GmbH as an ESG consulting company in 2023, and has held a 35% stake in this company since then. It supports clients in developing holistic solutions on the path to sustainable property transformation by creating property transformation plans that are individually tailored to each property. This institutionalises the ESG dialogue between the pbb Group and its clients.

pbb Group has established the ESG ecosystem in order to take sustainability aspects of the properties into account holistically. The first step is to collect and record comprehensive data on various sustainability aspects of the financed property assets. In addition to standard exchange methods from third-party providers, standardised pbb questionnaires and the pbb client portal can be used for structured data transfer.

In the Green Tool, pbb Group bundles relevant ESG data from internal sources and external providers (including physical risk data). Various ESG analyses are carried out on the basis of the ESG data collected, such as the e-taxonomy check, the Green Score analysis and the analysis of physical risks as well as the CRREM path or XDC grade analysis. pbb Group uses these analysis results, for example, in client meetings for an early dialogue in order to identify possible ESG potentials and to develop these together with the client, as well as for the ESG product range.

Environmental risks

pbb Group's lending business, which is subsumed under "Sustainable Financing Solutions", was categorised as material within the scope of the strategic review. The "Environment" pillar remains at the centre of the assessment of the sustainability of the financed portfolio. The clear focus of the pbb Group is to align its loan portfolio with the 1.5 degree Celsius target.

The focus of the sustainability strategy with regard to environmental risks is 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 thus improvements in the energy efficiency of existing buildings. Since the fourth quarter of 2021, pbb Group has been offering green loans. The pbb Green Loan Framework was developed in order to assess which properties and financings are "green". It is based on two elements: pbb's own scoring model or the EU taxonomy.

In 2023, pbb's internal guidelines and instructions for dealing with ESG risks in the lending process were expanded and a new breach of the risk strategy in connection with non-green office properties in non-prime locations was implemented. Deviations from the principles of the risk strategy when making lending decisions must be authorised by the Management Board.

The existing portfolio was classified by querying the relevant data points as part of a client survey. Based on these data points, pbb has classified and evaluated more than 75% of the Real Estate portfolio with a pbb Green Score as at 30 June 2024. Accordingly, pbb Group has gained a meaningful overview of the sustainability of its loan portfolio and the associated risks, and the basis for long-term management of ESG risks has been laid. The data collected is integrated into pbb's own IT landscape and is supplemented on an ongoing basis.

Monitoring of 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 possible risk clusters is carried out on a monthly basis. In 2023, monitoring was expanded and further developed with regard to early warning indicators for monitoring and early management of the REF portfolio and other monitoring aspects. The early warning indicators include a combination of LTV and pbb Green Score on a country basis and are intended to identify early negative developments at portfolio level. Compliance with the warning indicators and any breaches are reported quarterly by RMC in the Group Risk Report.

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

Social risks

As part of its strategic materiality analysis, pbb Group has classified social issues as relevant. The topics of respecting human rights and combating corruption and bribery are also relevant for pbb Group.

With regard to the borrower, pbb has implemented a review of compliance with minimum (social) protection standards at counterparty level, differentiated according to (non-)financial companies and local or regional authorities, as part of the introduction of reporting and for the review of EU Taxonomy alignment. The review was carried out for transactions that fulfil the "significant environmental contribution" criterion and do not significantly harm any other environmental objective. ("do no significant harm").

pbb Group conducts due diligence on (non-)financial companies in line with the recommendations of the Platform on Sustainable Finance (PSF). On the one hand, it checks whether the (non-)financial company has implemented appropriate processes to comply with each of the four components of the (social) minimum protection standards (human rights including labour rights, corruption, taxation, fair competition). On the other hand, the specific results that the company can demonstrate in these areas are reviewed. For example, convictions in court in connection with anti-corruption, tax or competition proceedings may have a negative impact. pbb Group can generally build on its existing "Know you Customer" (KYC) tools for due diligence, which are updated on an ongoing basis and automatically generate alerts. The information used for the due diligence includes the company's reporting, published strategies and policies, and stakeholder communication on the homepage. In addition, pbb Group has access to information from National Contact Points (NCP) and the Business & Human Rights Resource Centre (BHRCC). In addition, questionnaires sent to the company serve as an additional source of information.

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

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

Risk management

The pbb Group defines ESG risks as the risks of negative financial impacts on the institution resulting from current or expected impacts of ESG factors[1] on its counterparties or invested assets[2] . ESG risk also includes negative financial, economic and social impacts that could arise from the activities of the institution itself. The climate and environmental, social and societal as well as corporate governance components included in ESG risk are anchored in both the business strategy and the risk strategy of pbb Group.

[1] ESG factors are climate/environmental, social or governance issues that can have a positive or negative impact on the financial performance or solvency of a company, state or individual.

[2] ESG risks are defined in accordance with EBA/REP/2021/18, the 8th MaRisk amendment of 29 May 2024 and the ECB guidelines on climate and environmental risks.

In addition to the requirements of the EU taxonomy (for E), materiality considerations within the meaning of the CSRD are now also included in the annual comprehensive, systematic materiality analysis. The ESG factors are taken into account both quantitatively or as an expert estimate, depending on whether ESG risk data was available. For climate and environmental factors with available ESG risk data, a capital-related quantitative materiality threshold is already applied.

Identification and assessment of the materiality of environmental, social and governance risks

ESG factors affect the financial performance of institutions by potentially manifesting themselves in the financial risk types of credit, market, liquidity and funding risks as well as in non-financial risks such as operational risk and reputational risk. The business activities and invested assets of the institution as well as the impact channels of the risk factors are decisive for this.

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

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

and in what time frame. The distinction between these two perspectives results from the application of the principle of "dual materiality" and must be applied when assessing materiality.

Overall, risk factors for climate, environment, social issues and governance were analysed. To conclude the assessment, the influence of the identified potential ESG risk drivers on the individual risk types is analysed and evaluated.

All relevant experts are involved in the steps of the assessment process, in particular those with knowledge of lending and property valuation, experts from the HR, legal and compliance departments and from Risk Management & Control.

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

- Step 1 "Categorised list of risk factors"

  The starting point is the list of possible risk factors, which includes ESG risk factors from external publications such as the ECB guidelines on climate and environmental risks, the EU taxonomy or the CSRD requirements and is regularly reviewed and expanded.

- Step 2 "Channels of impact, effects and time horizon"

  Channels of impact are 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 property value or collateral value, but also the costs of repairs following a loss event (from physical risks, for example) or business interruptions. The analysis of the effects also includes the consideration of mitigation measures and the time of occurrence of the effect under consideration (time horizon). pbb distinguishes between short-term (within one year), medium-term (1 to 5 years) and long-term (5 years or more) time horizons, whereby risk factors that are already relevant in the short term are also relevant in the medium and long term.

  Inside-out" effects include social influences or environmental issues such as possible environmental pollution that may result from the company's activities.

- Step 3 "Analysing and assessing the effects in terms of materiality"

Analysing the impact forms the basis for determining financial materiality. The analysis of the ESG risk factor shows whether and to what extent there is an impact on relevant parameters and benchmarks for the institution (e.g. credit rating, property values, market shares) and therefore 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 for the other risk types"

Based on the analysis of the impact channels and the relevant parameters and benchmarks, it becomes clear on which risk types there is an impact. Overall, credit risk, market risk, business and strategic risk, liquidity and funding risk and operational risk including reputational risk may be affected, and other risk types may also be affected.[3]

All relevant experts are involved in the steps of the assessment process. With regard to climate and environmental risk, these are in particular people with knowledge of 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 RMC, IT and Legal departments - are responsible for assessing the relevance of the respective risk type.

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

The results of the risk inventory with regard to "ESG materiality" serve as the basis for formulating the ESG risk appetite as part of the risk strategy.

Analysed risk factors

In the ESG materiality assessment, all acute and chronic climate risks are taken into account as far as possible in accordance with the EU taxonomy. The Bank has drawn up and analysed its own list of assessed environmental factors and transitory factors in line with its business activities and regulatory requirements.

The list of social and governance factors was derived from CSRD (over)topics required by supervisory law. All analysed ESG risk factors are listed in the table below.

ESG risk factors

Type	ESG risk factors
Environmental **Physical risk:** **Acute climate-related hazards**	Floods, heavy precipitation, storms (including cyclones, hurricanes, typhoons), tornadoes, forest fires, drought, heat waves, cold spells/freezes, landslides, glacial lake outburst floods, avalanches, subsidence
Physical risk: **Chronic climate-related hazards**	Change in wind patterns, coastal erosion, soil degradation, soil erosion, solifluction, change in precipitation patterns and types, sea level rise, water scarcity, temperature variability, heat stress, permafrost thawing, variability of precipitation and/or hydrology, ocean acidification and saltwater intrusion
Physical risk: **Environmental factors**	Biodiversity loss/land use change/overuse of organisms/invasive alien species/habitat destruction, environmental pollution/contamination, production of hazardous waste/reusability/recyclability, water consumption intensity of objects/financing, exploitation of marine resources, earthquakes, volcanism, tsunami
Transitory risk factors	Energy efficiency, carbon footprint (Scope 1,2,3 emissions), new sustainability and environmental regulations / carbon pricing, market sentiment, financing of environmentally/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 behaviour culture, supplier management/unethical supplier behaviour and payment practices, anti-competitive behaviour and political engagement or lobbying, corruption and bribery

[3] In particular, it is examined whether the influence of ESG risks could change the materiality categorisation of immaterial risks.

Climate and environmental risks

The assessment of materiality was carried out separately for the REF segment and the Non-Core (NC) segment according to pbb's business activities and differentiated according to acute and chronic climate risks as well as biodiversity risks and other environmental risks.

Real Estate Finance

Acute climate hazards

In order to determine the exposure of properties in the Real Estate Finance (REF) segment, which are used as collateral in current loan agreements, to acute climate risks, external location-specific risk data was obtained from a suitable provider and analysed. Expected losses resulting from flooding, heavy rainfall, storms and tornadoes are available from the property location data. These loss expectations can be used to determine an expected annual loss for the properties, which can be translated into a possible change in the customer's (gross) LGD.

A materiality threshold was applied to the resulting expected loss (credit risk) of the REF portfolio in order to take into account the future loss potential of environmental and climate risks due to climate change as well as current valuation uncertainties. In addition, an individual qualitative final expert judgement is mandatory in order to identify material climate risks.

The aforementioned data is available for other acute climate hazards. For these factors, we obtain a risk classification for the property locations via the public source hazard data. However, this risk classification does not include any expected damage values; the classification is based solely on the probability of material damage occurring. The portfolio market value in the "high risk" category is used for the quantitative materiality assessment of a climate hazard. As the exact damage potential cannot be taken into account quantitatively, this must be considered in the mandatory qualitative (final) assessment.

Chronic climate hazards

Analogue to the data from the public source ThinkHazard! for acute climate hazards, risk classes for the chronic risk factors sea level rise and coastal erosion can be retrieved from "Aqueduct". For a materiality assessment of these chronic climate hazards, pbb applies the same materiality definition as for the quantitative assessment of acute climate hazards with ThinkHazard!, i.e. a risk factor is considered material if the market value of the REF portfolio assigned to the Aqueduct risk class "high/high" exceeds a certain threshold. The mandatory additional qualitative assessment is also ultimately decisive for chronic risk factors.

As a result of the quantitative and qualitative assessment, no chronic risk factors were identified as significant

Transitory risks

The materiality of the analysed transitory risk factors was determined qualitatively as part of an expert assessment. In addition, possible effects of transitory risk factors identified as material on the credit risk in various (climate) scenarios were quantitatively determined using suitable assumptions as part of the macroeconomic stress test.

Non-Core and Consolidation & Adjustments

A three-stage assessment process is used to evaluate acute and chronic climate risks in the Non-Core segment. As it is not possible to draw on location-specific risk data, relevant climate and environmental risk data was identified at area level and the probability of occurrence and intensity of damage were assigned to the risk factors currently identified as critical. The assignment is then made in the form of five existence risk levels of environmental events: "none" (no risk), "very low", "low", "medium" and "high", in each case based on the event deviation from the event-specific norm.

In a second step (gross risk from an environmental event), the consequences of these existential risks of 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 absorb any losses.

In a third step, transaction-specific or counterparty-specific mitigating factors such as precautionary measures, contingency plans, adjustment plans, damage insurance, etc. are also taken into account in the net risk assessment.

At all three levels (existential risk, gross risk and net risk), the risk levels "none" (no risk), "very low" and "low" are considered to be within the scope of normal environmental risk influences, which pbb's clients can generally absorb within the scope of their normal economic strength or normal risk reserves. The risk levels "medium" and "high" identify an environmental risk as exceeding the normal level of economic risks and must be regularly reviewed individually in the risk monitoring measures for loss potential for the Bank due to increased default risks and assessed in the annual credit monitoring process.

In the Consolidation & Adjustments (C&A) segment, 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 of the external rating agencies (S&P, Moody's and Fitch).

Other environmental risks

Firstly, the biodiversity risk was analysed. To identify pbb's biodiversity risk, sector-specific biodiversity scores were used and a portfolio analysis was carried out to obtain an initial overview of the biodiversity risk from a general perspective. Both the inside-out view (impact) and the outside-in view (dependency) were taken into account.

For the REF segment, additional granular analyses of the land cover type of the property locations were carried out. For this purpose, external satellite data was used to classify pbb's REF portfolio within the EU with regard to biodiversity risks resulting from land use changes. Buildings for which an increased risk was identified as part of this land use analysis were analysed in a further expert assessment.

As a result, no significant exposure or contribution to biodiversity loss was identified for the portfolio. In addition, estimates for probabilities of occurrence and impacts are determined as part of the CSRD materiality analysis and the OpRisk scenario analysis, and are also taken into account. Biodiversity is therefore not classified as material for pbb.

Climate-related environmental risk factors have already been analysed as part of the transitory factors; a high CO_2 footprint and low energy efficiency/high energy consumption were identified as material. To assess the non-climate-related environmental factors pollution/contamination, production of hazardous waste, reusability/recyclability of waste/lack of circular economy/reusability/recyclability, water consumption - high water consumption intensity of properties/financing, suitable scores regarding the impact of an industry sector on the aforementioned environmental aspects were used as quantitative proxies. The scores indicate which sectors have a high/moderate/low risk of negative impacts on an environmental aspect. In addition, the impact and probability of occurrence of the CSRD materiality analysis and the OpRisk scenario analysis are taken into account in the assessment.

Finally, a qualitative assessment by the relevant experts from the REF and Non-Core segments must also be submitted for the materiality assessment of the environmental factors, as the sector assessment cannot assess the Bank's explicit exposures in detail. This multi-stage assessment system revealed that the environmental factor of pollution/contamination is material for REF. The other factors mentioned were rated as immaterial. None of the risk factors mentioned were identified as material for Non-Core.

For the risk factors volcanism, earthquake and tsunami, the external loss expectations can be used for the REF segment via the location data of the properties, whereby the first two were classified as material.

For the Non-Core segment, risk data for volcanism and earthquakes are also analysed for other, non-climate-related environmental risks. In the event of earthquake or volcanic events, similar business interruption risks and reconstruction burdens arise, as well as subsidy or aid payments by the state, as in the case of acute climate-related environmental events. This can permanently weaken or strain the debtor's creditworthiness. As with physical climate risks, the assessment is carried out in a three-stage process to determine the existence risk of other environmental risks, the calculation of the gross risk for the borrower, debtor or guarantor and the final reconciliation to the net risk for these parties.

Results of the materiality assessment

For the assessment of the materiality of ESG factors, pbb Group has summarised the following physical and transitory climate and environmental risks as well as social and governance factors and included them according to time horizon.

Materiality of ESG risk factors

Kind	Designation	Portfolio
Environmental **Physical risk:** **acute climate hazards**	Floods, storms (including cyclones, hurricanes, typhoons), tornadoes, forest fires, cold spells/freezes, landslides	REF / NC / C&A
	Heavy precipitation	
	heat waves, landsides	NC / C&A
	Drought	NC / C&A
Physical risk: **chronic climate hazards**	None	-
Physical risk: **environmental factors**	Environmental pollution/contamination	REF
	Earthquakes, volcanism	REF / NC / C&A
Transitory **risk factors**	Energy efficiency, carbon footprint (Scope 1,2,3 emissions)	REF / NC / C&A
	New sustainability and environmental regulations / carbon pricing	REF
	Market sentiment	
Social **risk factors**	None	-
Governance **risk factors**	Unethical corporate behaviour culture, supplier management/unethical supplier behaviour and payment practices, anti-competitive behaviour and political engagement or lobbying, corruption and bribery	-

[1] Portfolio by business segment: Real Estate Finance (REF), Non-Core (NC) and Consolidation & Adjustments (C&A).

Effects on specific risk types

The physical and transitory risk factors recognised as material have an influence on the credit risk.

Some acute physical risk factors (heavy rainfall, storms and tornadoes) could, with a low probability and to a limited extent, lead to damage to property or disruptions to the bank's business continuity and are therefore relevant to operational risk alongside some governance factors. There is also a potential influence of transitory, environmental and governance factors on reputational, legal and liability risks as well as business and strategic risk. No direct sustainability risks are currently identifiable for pbb's market risk as well as liquidity and funding risk.

Based on the findings of the materiality analysis and the risk inventory, the impact of climatic risks was analysed using various scenarios:

- In order to systematically examine the potential vulnerability of pbb's portfolio and capital position with regard to medium-term transitory climate and environmental risks, a corresponding short-term transition scenario is defined, fully calculated and analysed within the normative and economic ICAAP perspective, and finally firmly integrated into the stress test programme.
- A combined long-term transition risk and chronic physical risk scenario was calculated in order to extend the focus to potential events that manifest themselves over a long-term period. In this scenario, the period up to 2050 was considered under various climate transition paths.
- The impact of acute physical risks was analysed in a dedicated scenario.

Specific models have been used to calculate the effects of the various stress scenarios for the banking business and to manage the risks identified as a result, taking into account the climate-specific parameters. The results of the three climate risk scenarios have been taken into account in the ICAAP and ILAAP management groups.

These ESG risk factors have an impact on credit risk, operational risk including potential reputational, legal and liability risks, as well as on business and strategic risk. No direct sustainability risks are currently identifiable for pbb's market risk as well as liquidity and funding risk.

pbb has taken ESG risk factors into account in monitoring, reporting, stress tests and scenario analyses. The full integration of ESG factors in quantification as part of the ICAAP is in progress.

Social and corporate governance risks

As part of the expected further specification of regulatory requirements for the identification and management of external governance and social risks, pbb has started to analyse corresponding S and G sustainability criteria, where relevant for its business model. In order to be able to fulfil the corresponding disclosure obligations, a process has been established to review the client's compliance with the so-called "Minimum Social Safeguards" (MSS) in accordance with Article 18 of the EU Taxonomy.

pbb Group uses a workflow system (RWC) to efficiently organise appropriate, continuous legal monitoring. It enables comprehensive and early identification of innovations (or changes) with regard to relevant regulatory requirements and specifications. It also supports the definition of suitable measures to fulfil relevant regulations and requirements, their implementation and the corresponding monitoring of implementation. In addition, the workflow system provides separate reporting of standards relating to ESG issues.

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

Risk management in business operations

From a risk perspective, the focus is on the opportunities to exert influence along the entire value chain of commercial property financing, starting with the procurement of funds, through the initiation of business and the entire loan management process, to the repayment or realisation of collateral. However, the focus is clearly on the topics of lending, risk assessment and the management of ESG risks in the portfolio.

ESG risks are managed within pbb Group in accordance with the "three lines of defence" (3 LoD) principle, with the risk owners (divisional heads) of the various specialist divisions with particular customer/public proximity forming the first line of defence. The 2nd line of defence is usually formed by the Risk Management & Control, Legal and Compliance departments with support functions from HR and IT. Group Internal Audit (GIA) represents the 3rd line of defence.

In new REF business, the e-scoring system developed by pbb is consistently applied with regard to the "green loan" concept (including analysing physical risks and offering a selection of products for specific purposes). The comparison of 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 climate target. The declared aim is to achieve a new business volume of 32% of "green loan"-eligible assets in the REF portfolio in 2025 and more than 30% of "green loan"-eligible assets in the REF portfolio as a whole by 2026.

Deviations from the strategic guidelines require explicit approval from the Executive Board in the lending decision process for new office property business. The commissioning of any mitigating measures (e.g. insurance, structural measures, etc.) with regard to (potential) physical e-risk is also a key component of the lending process.

E-scoring has been applied to a very large part of the existing business in the Real Estate portfolio in recent years due to extensive follow-up surveys of building data, creating the basis for long-term climate management. This is not planned for the existing business in the Non-Core and C&A segments.

ESG risk reporting

Specific risk indicators have been defined and assigned to the individual components for monitoring the various aspects of the Group's own ESG risk (inside-out perspective). Yellow and red thresholds have been defined for these risk indicators based on the traffic light system. The risk indicators are reported to the Risk Committee, the Management Board and the division heads on a quarterly basis as part of the key risk indicator (KRI) reporting for non-financial risks. Both the ESG risk indicators and the internal targets relating to the various aspects of ESG risk are continuously developed, expanded and specified. The monitoring of environmental risk (outside-in perspective) currently focuses on the aspects of climate change mitigation and adaptation associated with the property properties we finance.

Monitoring of the exposure potentially affected by physical and transitory risks has been established in internal risk reporting for both the REF portfolio and the non-REF portfolio component. Internal reporting also provides additional transparency with information on E-related market risk sensitivities and ESG-related losses in the case of operational risk in the REF portfolio. Internal reporting is continuously expanded in line with the data situation. The quarterly KRI report contains portfolio information regarding transparency based on the total "scored" share and the share of the portfolio assessed as "green".

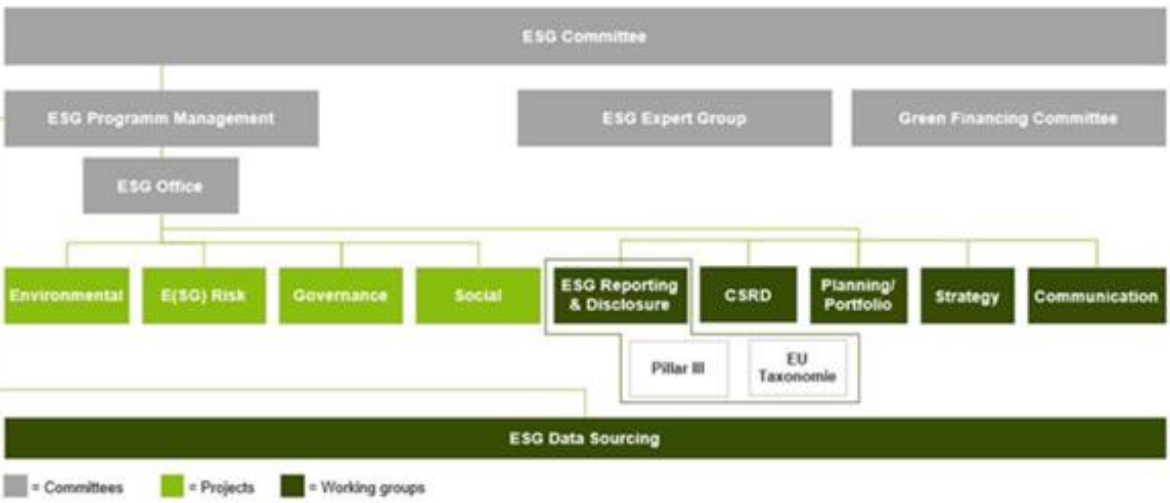
Corporate management

pbb Group has systematically integrated all three dimensions of ESG into its governance structures. The topics and processes are handled and implemented by the ESG programme until the content is successively integrated into the individual divisions.

The ESG programme comprises four projects and six overarching working groups with ESG topics that are particularly relevant for pbb (strategy, environment, social and governance as well as ESG risk, data management, communication and reporting). In 2021, pbb's entire Management Board established the ESG Committee, which is composed of the entire Management Board, the divisional heads, the members of ESG programme management and the project managers, as a specialist committee for steering and monitoring. It is primarily responsible for developing an ESG business and risk strategy and for monitoring the corresponding implementation measures, and generally meets every two months. A report on the progress of the programme is submitted to the Supervisory Board on a quarterly basis. With the launch of the programme in 2021, the Management Board also appointed an ESG Programme Management, whose tasks are to support the ESG Committee and prepare the resolutions of the ESG Committee.

The ESG Office is part of the ESG programme. It is responsible for coordinating divisional tasks, long-term issue monitoring and supporting the ESG Committee.

Organisation of the ESG programme



The decentralised nature of ESG topics in the specialist departments and core processes ensures that ESG topics are firmly anchored within the pbb Group. Employees from different departments are trained as required - from general basic training to decentralised self-learning modules (learning nuggets) available on the intranet, through to external ESG training courses for the targeted further training of ESG specialists in individual pbb departments. This is aimed in particular at tapping synergy effects in the context of ESG topic processing, ensuring a smooth transition from ESG tasks to regular processes and building up specialist ESG expertise in the divisions. To this end, a long-term ESG governance target has been developed, which pbb Group aims to achieve.

Remuneration

The pbb Group promotes behaviour in relation to its climate, environmental and social risk approach as part of the variable remuneration component by linking the variable remuneration to the achievement of corresponding ESG targets.

For this purpose, pbb Group defines overarching strategic priorities for variable remuneration each year in accordance with the remuneration strategy, which are closely interlinked with the key institutional objectives and plans derived from the business and risk strategy ("Corporate Strategic Priorities"). The Management Board also sets corporate strategic priorities in the area of ESG (environment, social and governance). This serves in particular to promote behaviour in relation to pbb's climate, environmental and social risk approach. Divisional targets are defined on the basis of the Corporate Strategic Priorities, which are communicated to all employees in the division at the beginning of the year. At an individual level, a target agreement with qualitative and quantitative targets for the current financial year is concluded annually for each employee. The individual targets are based on the divisional targets and therefore also fundamentally on the Corporate Strategic Priorities. Divisional and, in many cases, individual targets include general qualitative ESG targets for the entire bank as well as individual ESG targets for specific divisions. The latter focus on the achievement of external and internal indicators, but also on the completion of key ESG projects such as ESG data or the implementation of CSRD.

The departmental and individual targets of the members of the Management Board also include quantitative and qualitative ESG targets. The targets for 2024 reflect the topic-related short and medium-term ESG targets, including for the financing of properties classified as green, the overall ESG strategy for 2024 and the consideration and minimisation of ESG risks as part of the credit analysis and selection process. With the recruitment and promotion of young talent, retention and the promotion of diversity with a focus on the advancement of women, key social sustainability goals were once again placed in the spotlight.

Climate and environmental risk

This chapter shows the quantitative information in accordance with Article 449a CRR in relation to climate and environmental risks, in particular on transition risks from climate change (tables EU ESG1, EU ESG2, EU ESG3 and EU ESG4), on physical risks from climate change (EU ESG5), on risk mitigation measures associated with economic activities that are considered environmentally sustainable under the EU taxonomy (EU ESG6, EU ESG7 and EU ESG8), and on other climate change mitigation measures not covered by the EU taxonomy (EU ESG10).

Climate and environment - transition risks from climate change

EU ESG1: Banking book - indicators for potential transition risks from climate change: credit quality of risk positions by sector, emissions and residual maturity

The EU ESG1 table shows a breakdown of exposures (loans and credits, debt securities, equity instruments) 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). The table also contains information on the quality of these risk positions and their maturity structure (remaining term). According to recital 6 of Delegated Regulation (EU) 2020/1818, economic sectors that contribute significantly to climate change include oil, gas, mining and transport. The data basis for the EU ESG1 table is the FINREP system (reporting of financial information in accordance with IFRS).

The financed CO_2 emissions in tonnes of CO_2 equivalents (tCO_2 e) are calculated in accordance with the international standard for measuring CO_2 emissions of the Partnership for Carbon Accounting Financials (PCAF). The underlying PCAF calculation methodology for property customers is based on the financial share of loan financing in a financed property and in the total emissions of the respective property. To calculate the CO_2 emissions of real estate clients, pbb Group uses consumption data provided by the counterparty as well as proxies to determine financed emissions:

- To determine Scope 1 and Scope 2 emissions, both actual electricity and energy consumption of the financed properties and PCAF proxies for approximate calculation of emissions are used.
- The determination of financed Scope 3 emissions of property customers is calculated on the basis of industry averages using economic emission factors.

For companies in pbb Group's Non-Core segment, all CO_2 emissions are calculated on the basis of industry averages using economic emission factors.

The calculation models are still in a continuous development process.

To determine the financed issues, pbb Group was able to use data provided by the counterparty for 68% of the total issues, 32% were estimated by PCAF proxies (Real Estate Finance, REF) or exiobase proxies (Non-Core, NC).

In line with pbb Group's business model with its core business of commercial real estate finance, 97% of these exposures to non-financial companies are attributable to the economic sectors "L - Real Estate" (€ 28.6 billion, line 52) and "F - Construction" (€ 246 million, line 40). The share of the other economic sectors together amounts to around 3% and is individually less than 1% of the risk positions.

The pbb Group's portfolio does not include any risk exposures to companies that are excluded from the Paris-aligned EU benchmarks (such as weapons, tobacco, coal and lignite, oil, gaseous fuels, etc.) (EU ESG1, column b).

EU ESG1: Investment book - indicators for potential transition risks from climate change: Credit quality of risk positions by sector, emissions and residual 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 CO2 equivalent)		GHG emissions (column i) [4]	Remaining maturity				
All figures in € million, unless otherwise stated	Sector/subsector [1]		thereof exposures towards companies excluded from EU Paris-aligned benchmarks [3]	thereof environmentally sustainable (CCM)	thereof stage 2 exposures	of which non-performing exposures		thereof Stage 2 exposures	of which non-performing exposures		thereof Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	**29,073**	**0**	**0**	**6,537**	**1,582**	**-532**	**-117**	**-392**	**903,545**	**518,832**	**68%**	**24,807**	**3,445**	**657**	**165**	**3**
2	A - Agriculture, forestry and fishing	0	0	0	0	0	0	0	0	0	0	0%	0	0	0	0	0
3	B - Mining and quarrying	0	0	0	0	0	0	0	0	0	0	0%	0	0	0	0	0
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	43	0	0	43	0	0	0	0	29,867	19,247	0%	0	43	0	0	7
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 wearing apparel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	43	-	-	-	-	-	-	-	29,867	19,247	0%	-	43	-	-	7
21	C.21 - Manufacture of pharmaceutical preparations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	C.22 - Manufacture of rubber products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Sector/subsector [1]	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 CO2 equivalent)		GHG emissions (column i) [4]	Remaining maturity				
			thereof exposures towards companies excluded from EU Paris-aligned benchmarks [3]	thereof environmentally sustainable (CCM)	thereof stage 2 exposures	of which non-performing exposures		thereof Stage 2 exposures	of which non-performing exposures		thereof Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
All figures in € million, unless otherwise stated																	
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	22	0	0	0	0	0	0	0	106,659	8,380	0%	2	20	0	0	6
35	D35.1 - Electric power generation, transmission and distribution	22	-	-	-	-	-	-	-	106,659	8,380	-	2	20	-	-	6
36	D35.11 - Production of electricity	22	-	-	-	-	-	-	-	106,659	8,380	-	2	20	-	-	6
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	97	0	0	0	0	0	0	0	88,406	41,837	0%	48	49	0	0	5
40	F - Construction	246	0	0	108	0	0	0	0	3,181	2,192	43%	152	36	0	59	6
41	F.41 - Construction of buildings	246	-	-	108	-	-	-	-	3,180	2,191	43%	152	36	-	59	6
42	F.42 - Civil engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	F.43 - Specialised construction activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	G - Wholesale and retail trade; repair of motor vehicles and motorbikes	0	0	0	0	0	0	0	0	0	0	0%	0	0	0	0	0

		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 CO2 equivalent)**		**GHG emissions (column i) [4]**	**Remaining maturity**				
	Sector/subsector [1]		**thereof exposures towards companies excluded from EU Paris-aligned benchmarks [3]**	**thereof environmentally sustainable (CCM)**	**thereof stage 2 exposures**	**of which non-performing exposures**		**thereof Stage 2 exposures**	**of which non-performing exposures**		**thereof Scope 3 financed emissions**		**<= 5 years**	**> 5 year <= 10 years**	**> 10 year <= 20 years**	**> 20 years**	**Average weighted maturity**
	All figures in € million, unless otherwise stated																
45	H - Transportation and storage	53	0	0	26	20	-1	-1	-1	28,520	25,897	0%	46	0	7	0	5
46	H.49 - Land transport and transport via pipelines	27	-	-	-	20	-1	-	-1	5,969	5,620	-	20	-	7	-	5
47	H.50 - Water transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	H.51 - Air transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	H.52 - Warehousing and support activities for transportation	26	-	-	26	-	-1	-1	-	22,551	20,277	0%	26	-	-	-	4
50	H.53 - Postal and courier activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	I - Accommodation and food service activities	55	0	0	0	0	0	0	0	734	655	0%	55	0	0	0	5
52	L - Real estate activities	28,557	0	0	6,360	1,562	-531	-116	-392	646,177	420,623	69%	24,504	3,297	650	106	3
53	**Exposures towards sectors other than those that highly contribute to climate change***	**658**	**0**	**105**	**67**	**0**	**0**	**0**	**0**	**246,351**	**177,322**	**0%**	**152**	**72**	**329**	**107**	**12**
54	K - Financial and insurance activities [5]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Exposures to other sectors (NACE codes J, M - U)	658	-	105	67	-	-	-	-	246,351	177,322	1%	152	72	329	107	12
56	**Total**	**29,732**	**0**	**105**	**6,604**	**1,582**	**-532**	**-117**	**-392**	**1,149,895**	**696,155**	**66%**	**24,958**	**3,517**	**985**	**271**	**3**

[1] The classification according to the NACE code of the counterparty 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 write-downs, before application of credit risk mitigation techniques - of loans and advances, debt securities and equity instruments in the banking book, i.e. excluding financial assets held for trading or held for sale.

[3] Exposures to entities excluded from Paris-aligned EU benchmarks in accordance with 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 scope 1/2/3 emissions of the counterparties is already available.

[5] Line 54 (Sector K) contains the risk positions vis-à-vis non-financial corporations (according to FINREP); risk positions vis-à-vis credit institutions and other financial corporations, on the other hand, are not included.

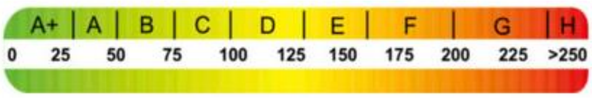
EU ESG2: Investment book - Indicators for potential transition risks from climate change: Loans collateralised by real estate - Energy efficiency of collateral

The EU ESG2 table shows the risk of transition from climate change (transition risk) as a result of adjustments towards a lower-carbon and more environmentally sustainable economy for loans and credits collateralised by commercial and residential properties and for repossessed property collateral. The energy efficiency of commercial and residential properties is presented on the basis of the specific energy consumption (in kWh/m^2) or the EPC label (Energy Performance Certificate, EPC) of the underlying property collateral. The risk positions are broken down according to the geographical location in which the property collateral is located (EU and non-EU).

In pbb Group's commercial property financing, the portfolio continues to be dominated by investment financing. This includes the financing of properties whose debt servicing capacity is essentially derived from the current property cash flow. The properties financed are mainly office buildings, residential properties, retail properties and logistics properties. Of the risk positions shown in table EU ESG2, i.e. loans and credits collateralised by properties, 84% are attributable to commercial properties and 16% to residential properties. Geographically, pbb Group's focus is on Europe and the USA. The main core markets in Europe are Germany, France, the United Kingdom, the Nordic countries, individual Central and Eastern European countries, Spain and Benelux. In the USA, pbb Group focuses in particular on the metropolitan regions of New York, Washington D.C., Boston, Chicago, San Francisco, Seattle and Los Angeles. Accordingly, 80% of the risk positions are attributable to EU countries and 20% to non-EU countries.

The general data basis for the EU ESG2 table is the FINREP system (reporting of financial information in accordance with IFRS). For the information on the energy efficiency of the properties, a final energy consumption (in kWh/m^2) was also assigned to each property ID. EU ESG2 (columns h to n) therefore shows the risk items for which an EPC label (Energy Performance Certificate) is available for the property collateral. The categories with EPC labels A/A+ are summarised in label A and those with EPC labels G/H in label G. The information on the final energy consumption (kWh/m^2) of the properties according to the EPC label is used to categorise the risk positions according to the Energy Performance Score (EPS; columns b to g). If 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. Lines 5 and 10 show the extent to which the energy efficiency was estimated in the absence of an available EPC label versus final energy consumption. The methodology used to estimate the final energy consumption (kWh/m²) and the statistical data sources used are described below.

Each residential property with a known EPC label has been assigned to an EPC range based on the German EPC classification for residential buildings. Information on the final energy consumption per year in kWh/m^2 is also available for each residential property with a known EPC label. There is no scale with uniform standards for energy efficiency labels for commercial properties in Germany. However, the final energy consumption (kWh/m^2) is known if the Energy Performance Score (i.e. the energy efficiency in kWh/m^2) 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/m^2
(Energy efficiency for residential buildings - fuel consumption in kilowatt hours per square metre and year (abbreviated: kWh/m^2 a).

The average final energy consumption for residential buildings has fallen steadily with the younger the year of construction, as the following table shows. The statistical average values form the basis for the estimation function of final energy consumption by year of construction.

Construction year	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 only applies to residential buildings. Proxies were assigned to the other property types using property type-dependent scaling.

The average final energy consumption, which varies with the building category, is also taken into account. The following table 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 therefore corresponds to the mean value depending on the year of construction in accordance with the estimation function multiplied by the property type-dependent scaling factor.

Building category	Energy consumption p.a. (electricity) in kWh/m²	Energy consumption p.a. (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 property 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/Studien/vorbereitende-untersuchungen-zur-langfristigen-renovierungsstrategie-ergaenzung.pdf?__blob=publicationFile&v=6).

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

EU ESG2: Investment book - indicators for potential transition risks from climate change: Loans collateralised by real estate - Energy efficiency of 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 EPC label of collateral**	
	Counterparty sector		**0 ; <= 100**	**> 100; <= 200**	**> 200; <= 300**	**> 300; <= 400**	**> 400; <= 500**	**> 500**	**A**	**B**	**C**	**D**	**E**	**F**	**G**		**thereof level of energy efficiency estimated [4]**
All figures in € million, unless otherwise stated																	
1	**Total EU area**	**23,700**	**7,577**	**12,873**	**2,052**	**913**	**172**	**113**	**990**	**1,588**	**1,189**	**1,161**	**500**	**348**	**627**	**17,296**	**33%**
2	of which loans collateralised by commercial immovable property	19,411	6,244	10,017	1,962	904	172	113	808	1,174	992	787	317	183	569	14,582	29%
3	of which loans collateralised by residential immovable property	4,289	1,333	2,856	91	10	-	-	182	415	197	374	183	165	59	2,715	56%
4	thereof Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	thereof Level of energy efficiency (EP score in kWh/m² of collateral) estimated	5,777	316	5,461	-	-	-	-	---	---	---	---	---	---	---	5,777	100%
6	**Total non-EU area**	**5,885**	**616**	**3,937**	**373**	**529**	**113**	**317**	**380**	**890**	**197**	**189**	**36**	**-**	**-**	**4,194**	**61%**
7	of which loans collateralised by commercial immovable property	5,531	616	3,626	373	485	113	317	380	890	197	189	36	-	-	3,839	59%
8	of which loans collateralised by residential immovable property	355	-	311	-	44	-	-	-	-	-	-	-	-	-	355	88%
9	thereof Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	thereof Level of energy efficiency (EP score in kWh/m² of collateral) estimated	2,839	31	2,808	-	-	-	-	---	---	---	---	---	---	---	2,571	100%

[1] Gross carrying amount of loans and credits collateralised by real estate, before deduction of impairments on financial assets, but after write-downs, before 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/m^2) of the collateral.
[3] Columns h to n: Risk positions by energy performance certificate class (EPC label) of the collateral, for those collaterals for which the pbb Group has an energy performance certificate (EPC).
[4] Column p: Percentage of receivables from column o (according to EBA-Q&A 2022-6625) for which the energy efficiency level (EPS of collateral in kWh/m²) was estimated.

EU ESG3: Investment book - Indicators for potential transition risks from climate change: alignment parameters

The EU ESG3 table contains information for certain economic sectors (by IEA sectors and NACE sectors) on pbb Group's sustainability efforts to harmonise with the goals of the Paris Climate Agreement. The information refers to the "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 per relevant economic sector. The EU ESG3 includes the risk positions (loans and credits, debt securities, equity instruments) vis-à-vis non-financial corporations. The data is based on the FINREP system (reporting of financial information in accordance with IFRS).

The table EU ESG3 shows the alignment metric for the property sector (Nace sector L - 68). In principle, pbb Group has risk positions in other climate-relevant (NACE) sectors, but these are categorised as immaterial compared to the rest of pbb's portfolio. The non-strategic Non-Core segment is also to be gradually reduced by excluding new business. Strategic (de-)management of business to achieve the NZE2050 scenario is thus already ensured by excluding new business. In this respect, pbb Group does not disclose corresponding explanations for the non-core exposure in the EU ESG3 table.

pbb Group uses the international PCAF standard for calculating financed issues in the financial sector to determine the issue intensities. The issue data of the financed real estate properties is calculated using the issue data provided by the counterparties and, in the case of missing information, by using PCAF proxies. In deviation from the requirements of Implementing Regulation (EU) 2022/2453, the climate pathway according to the Carbon Risk Real Estate Monitor (CRREM) Global Pathways is used for the real estate sector instead of the IEA NZE2050 climate pathway. This deviation was made because the CRREM climate pathway is more suitable for the property financing sector, which is dominant in the pbb Group, due to the differentiated consideration of the country and the intended use of the property. The IEA NZE2050, on the other hand, provides for a single global path. Scope 3 emissions are excluded when determining the deviations from the CRREM pathway. The calculation is based on the continuation of the strategy defined in 2023 for 2024, which was determined taking into account Scope 1 and Scope 2 emissions.

The target is based on pbb's core financing portfolio without PCAF proxies and taking into account the data from Scope 1 and 2. A decarbonisation pathway up to 2050 was developed for the development of the target. The target is based on this decarbonisation pathway. The path was developed taking into account a reference path derived from CRREM and the pbb business plan and incorporates various assumptions in the financing of sustainable business.

EU ESG3: Investment book - indicators for potential transition risks from climate change: Alignment parameters

	a	b	c	d	e	f	g
All figures in € million, unless otherwise stated	**IEA Sectors [1]**	**NACE Sectors[2] (a minima)**	**Gross carrying amount of the portfolio [3]**	**Alignment metric [4]**	**Year of reference [5]**	**Distance to IEA scenario NZE2050[6] (in %)**	**Target[7] (year of reference + 3 years)**
1	Real estate activities	68	28,557	0.0413 tCO2/m2	2023	216%	0.0355

[1] Industry Sectors of the International Energy Agency (IEA).

[2] Economic activities according to the NACE Regulation (EU), the Statistical Classification of Economic Activities in the European Community (Nomenclature Générale des Activités Économiques dans les Communautés Européennes, NACE;).
The classification according to the NACE code of the counterparty 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.

[3] Gross carrying amount - before deduction of impairment losses on financial assets, after write-downs, before application of credit risk mitigation techniques - of loans and advances, debt securities and equity instruments in the banking book, i.e. excluding financial assets held for trading or held for sale.

[4] Harmonisation parameters with regard to the IEA's "Net Zero Emissions by 2050 Scenario" (NZE2050).

[5] Reference year for measuring the harmonisation parameters of the respective sector.

[6] Time gap between the alignment parameters (in %) and the data points of the "Net Zero Emissions by 2050 Scenario" (NZE2050) applicable for 2030. In this respect, the gap corresponds to the degree of alignment with the scenario indicators for 2030 according to the IEA report "Net Zero Emissions by 2050: A Roadmap for the Global Energy Sector" (Update 2023). For NACE Sector L, the pbb Group uses the CRREM path.

[7] Target of the pbb Group for 3 years in relation 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 made without taking proxy data into account.

EU ESG4: Investment book - indicators for potential transition risks from climate change: risk positions towards the 20 most CO_2 -intensive companies

The EU ESG4 table is not relevant for the pbb Group. As of the disclosure date, pbb Group has no exposures to the 20 most carbon-intensive companies worldwide. The publicly accessible Carbon Majors Database was used to identify the most carbon-intensive companies (Climate Accountability Institute: https://climateaccountability.org/carbon-majors/).

Climate and environment - Physical risk

EU ESG5: Investment book - indicators for potential physical risks from climate change: exposures with physical risk

The EU ESG5 table contains information on exposures (loans and credits, debt securities and equity instruments) to non-financial corporations, loans collateralised by real estate and repossessed real estate collateral that may be exposed to physical risk (chronic and acute hazards) from climate change. The table also contains information on the credit quality and maturity structure/remaining term of these risk positions. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the counterparties are broken down by economic sector (according to NACE codes) and geographical area. As geographical areas which may be susceptible to certain climate-related risks, pbb Group shows the table for Germany as well as summarised for all other countries.

Germany alone accounts for around 32% of these risk exposures to non-financial corporations, 98% of which relate to the economic sectors "L - Real estate and housing" and "F - Construction". The other countries (excluding Germany) account for around 68% of the risk positions, 96% of which relate to the economic sectors "L - Real estate and housing" and "F - Construction".

Risk positions that are only susceptible to the effects of chronic events as a result of climate change do not exist in either Germany or the other countries. A physical risk is classified as chronic if it is the result of gradual changes (such as rising sea levels). A physical risk is classified as acute if it arises as a result of extreme events (such as droughts, floods and storms). The risk positions that are only susceptible to the effects of acute events due to climate change amount to € 485 million in Germany, which is 5% of the risk positions attributable to Germany, and to € 6,260 million in the other countries combined, which corresponds to 31% of the risk positions attributable to these countries. There are no risk positions that are susceptible to the effects of both chronic and acute events as a result of climate change in either Germany or the other countries.

The general data basis for the EU ESG5 table is the FINREP system (reporting of financial information in accordance with IFRS). The methodology used to assess the sensitivity to physical events due to climate change and the data sources used are described below. For collateralised financing, the sensitivity analysis takes into account the risk assessment of the collateral (commercial and residential properties). For uncollateralised financing, on the other hand, the counterparty and the counterparty's area of activity are used for the assessment.

The physical risk assessments for collateralised financing are available at property level. The risk assessment for a (chronic and/or acute) physical risk of the associated contracts is derived directly from the most risky property assigned to the contract. The physical risk assessments for unsecured financing are carried out on the basis of the business partner. The risk assessment of financing is derived from the postcode of the business partner's head office. The classification of territorial units for statistics (Nomenclature des Unités territoriales statistiques; NUTS) was used.

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

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 (flood, heavy rain, storm surge, storm, tornado, hail, drought, forest fire, heat, landslide) and two chronic (coastal erosion, sea level rise) climate risks. The traffic light scales for most of these risks are defined by the external sources used (K.A.R.L. data, ThinkHazard, WRI Aqueduct). The climate risks from wildfire and landslide are an exception; these were reviewed by pbb using expert estimates and supplemented by analysing the vegetation and elevation profile. This means that the pbb Group fully covers the physical climate risks listed as examples in the Delegated Regulation (EU) 2022/2453 in its assessment.

The distinction between acute and chronic risks is based, among other things, on the EBA report "Report on management and supervision of ESG risks for credit institutions and investment firms" (EBA/REP/2021/18). If the risk for an asset or a counterparty was rated with the second-highest level for at least one of the acute risks considered, this asset was labelled as sensitive to acute physical risks. The same applies to chronic physical risks. Due to the very conservative approach chosen, the disclosure in Table EU ESG5 can be seen as the upper limit of risk for the pbb Group. In addition, the assessment is to be considered as a gross view, i.e. before any risk mitigation techniques and individual climate analyses (e.g. through insurance and/or the possibility of structural measures on the borrower side and through possible changes in contractual conditions or special due diligence on the bank side).

The risk assessments for flood, heavy rain, storm surge, storm, tornado 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-related identification and calculation of risks caused by natural hazards. To assess the risk situation, K.A.R.L. combines the location-specific hazard situation with the resilience (vulnerability) of the object under investigation (e.g. property, industrial location) using an object type-specific damage function. The EU ESG5 table was thus filled with the expected annual damage amounts, which were translated into a risk traffic light based on the K.A.R.L. scale in a five-stage qualitative assessment of the risk situations at the location.

Risk	**Lower barrier in %**	**Upper barrier in %**
No risk	-	0.00
Very low risk	0.00	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 in % for the physical risks covered by K.A.R.L.

The risks of drought, forest fire, heat, landslide, sea level rise and coastal erosion were assessed using publicly available hazard maps from ThinkHazard (a World Bank project) and WRI Aqueduct (standard setter of the "greenhouse gas protocol"). The assessment fully follows the method defined by ThinkHazard, with the threshold values developed there for the traffic light scale. For risks not assessed by ThinkHazard, the ThinkHazard thresholds were transferred via expert estimates (coastal erosion, sea level rise).

For the risk assessment of geographical territorial units, the classification of territorial units for statistics (Nomenclature des Unités territoriales statistiques; NUTS) was used as well as the European Union's categorisation of EU regions. For non-European areas, the area was approximated using a geocoordinate together with a realistic impact radius.

EU ESG5: Investment book - indicators for potential physical risks from climate change: Exposures with physical risk (Germany)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Gross carrying amount [1]													
			thereof exposures sensitive to impact from climate change physical events												
	Variable: Geographical area subject to climate change physical risk - acute and chronic events [2] [3]		**Breakdown by maturity bucket**					**thereof exposures sensitive to impact from chronic climate change events**	**thereof exposures sensitive to impact from acute climate change events**	**thereof exposures sensitive to impact both from chronic and acute climate change events**	**thereof Stage 2 exposures**	**of which non-performing exposures**	**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		
	Germany														
	All figures in € million, unless otherwise stated		**<= 5 years**	**> 5 year <= 10 years**	**> 10 year <= 20 years**	**> 20 years [4]**	**Average weighted maturity**							**thereof 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	4	2	2	-	-	4	-	4	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	40	40	-	-	-	1	-	40	-	-	-	-	-	-
6	F - Construction	246	-	-	-	-	3	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorbikes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	9,115	279	72	5	5	3	-	362	-	2	-	-	-	-
10	Loans collateralised by residential immovable property	3,284	113	8	4	5	4	-	130	-	2	-	-	-	-
11	Loans collateralised by commercial immovable property	6,049	168	58	-	-	3	-	226	-	-	-	-	-	-
12	Repossessed colalterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	117	2	-	77	-	11	-	79	-	-	-	-	-	-

[1] Gross carrying amount - before deduction of impairment losses on financial assets, after write-downs, before application of credit risk mitigation techniques - of loans and advances, debt securities and equity instruments in the banking book, i.e. excluding financial assets held for trading or held for sale.

[2] The classification according to the NACE code of the counterparty 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.

[3] The allocation to a geographical area that may be exposed to a physical risk (chronic and acute risks) from climate change is based on the location of the debtor, i.e. the debtor's usual place of residence or the location of the assets (real estate) in the case of specialised lending.

[4] In accordance with EBA/ITS/2022/01, the maturity band "> 20 years" may also include exposures that do not have a fixed residual maturity for reasons other than the counterparty being able to choose the repayment date.

EU ESG5: Investment book - indicators for potential physical risks from climate change: Exposures with physical risk (other countries)

		b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Variable: Geographical area subject to climate change physical risk - acute and chronic events [2) 3)]	**Gross carrying amount [1)]**													
	Other countries (without Germany)		**thereof exposures sensitive to impact from climate change physical events**												
			Breakdown by maturity bucket					**thereof exposures sensitive to impact from chronic climate change events**	**thereof exposures sensitive to impact from acute climate change events**	**thereof exposures sensitive to impact both from chronic and acute climate change events**	**thereof Stage 2 exposures**	**of which non-performing exposures**	**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		
	All figures in € million, unless otherwise stated		**<= 5 years**	**> 5 year <= 10 years**	**> 10 year <= 20 years**	**> 20 years [4)]**	**Average weighted maturity**							**thereof Stage 2 exposures**	**of which non-performing exposures**
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	43	-	43	-	-	7	-	43	-	43	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	18	-	18	-	-	7	-	18	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	57	8	49	-	-	8	-	57	-	-	-	-	-	-
6	F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorbikes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	53	46	-	7	-	5	-	53	-	26	20	1	1	1
9	L - Real estate activities	19,442	5,200	152	155	-	2	-	5,508	-	2,157	384	221	52	160
10	Loans collateralised by residential immovable property	1,342	297	22	-	-	2	-	319	-	167	-	4	4	-
11	Loans collateralised by commercial immovable property	17,941	4,890	125	-	-	2	-	5,016	-	1,986	383	216	48	159
12	Repossessed collaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors (breakdown below where relevant)	597	177	62	252	89	12	-	581	-	67	-	-	-	-

[1)] Gross carrying amount - before deduction of impairment losses on financial assets, after write-downs, before application of credit risk mitigation techniques - of loans and advances, debt securities and equity instruments in the banking book, i.e. excluding financial assets held for trading or held for sale.
[2)] The classification according to the NACE code of the counterparty 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.
[3)] The allocation to a geographical area that may be exposed to a physical risk (chronic and acute risks) from climate change is based on the location of the debtor, i.e. the debtor's usual place of residence or the location of the assets (real estate) in the case of specialised lending.
[4)] In accordance with EBA/ITS/2022/01, the maturity band "> 20 years" may also include exposures that do not have a fixed residual maturity for reasons other than the counterparty being able to choose the repayment date.

Climate and environment - Green asset ratio (GAR)

In December 2019, the European Commission presented the EU Green Deal. The European Union is to become climate-neutral by 2050 by reducing net greenhouse gas emissions to zero. A central component of achieving the climate targets is the EU Taxonomy Regulation (Regulation (EU) 2020/852 / EU Taxonomy Regulation), which has been in force since July 2020 and creates a system for classifying sustainable economic activities. The EU Taxonomy Regulation is supplemented by the Delegated Regulations (EU) 2021/2139 (DelVO 2021/2139), (EU) 2021/2178 (DelVO 2021/2178), (EU) 2023/2485 (DelVO 2023/2485) and (EU) 2023/2486 (DelVO 2023/2486), which specify standardised classification criteria for environmentally sustainable economic activities. For the environmental objectives 1 Climate protection and 2 Adaptation to climate change, pbb Group provides information on the taxonomy-eligibility and taxonomy alignment of its risk positions in the following tables EU ESG6 to EU ESG8 as well as on the key indicator Green asset ratio (GAR).

Taxonomy-eligible economic activities

An economic activity is considered taxonomy-eligible in accordance with Article 1 No. 5 DelVO 2021/2178 if it is defined in the Annexes to DelVO 2021/2139, DelVO 2022/1214, DelVO 2023/2485 or DelVO 2023/2486, regardless of whether this economic activity actually fulfils technical assessment criteria.

Taxonomy-aligned economic activities

According to Article 1 No. 2 of the EU Taxonomy Regulation 2021/2178, an economic activity is taxonomy-aligned if it is environmentally sustainable within the meaning of Article 3 of the EU Taxonomy Regulation. So-called "technical screening criteria" must be met for this. An economic activity must make a significant contribution to the realisation of one or more of the six environmental objectives. However, the activity must not significantly harm any other environmental objective (also known as the "do no significant harm (DNSH)" criterion). Finally, minimum (social) protection standards for human rights including labour rights, corruption, taxation and fair competition must be complied with at counterparty level ("minimum safeguards").

As a credit institution, pbb is obliged to further categorise the taxonomy-aligned assets and to report them as a partial amount in the standardised reporting/disclosure forms:

- For all environmental objectives, the portion of assets in enabling activities must be recognised in accordance with Article 16 of the EU Taxonomy Regulation. An enabling economic activity exists if it directly enables other economic activities to make a significant contribution to one or more environmental objectives and fulfils certain conditions.
- For environmental objective 1 Climate action, the partial amount of assets in transitional activities within the meaning of Article 10 (2) of the EU Taxonomy Regulation must also be reported: $_2$A transition activity is defined as an activity for which there is no technologically and economically feasible low-carbon alternative but which makes a significant contribution to climate change mitigation if it supports the transition to a climate-neutral economy, consistent with the pathway towards limiting the temperature increase to 1.5 °C above pre-industrial levels, including through the phasing out of greenhouse gas emissions, in particular from solid fossil fuels, and if that economic activity fulfils certain conditions in doing so.

Green asset ratio

The GAR is calculated from the ratio of on-balance sheet risk positions that finance taxonomy-aligned economic activities to the total assets of the credit institution - excluding defined deduction items. The counterparty's key performance indicators (KPIs) for taxonomy-non-eligible turnover and taxonomy-non-aligned capital expenditure (CapEx) are used to determine the taxonomy-eligibility and compliance of assets with counterparties that do not serve to finance certain defined activities of the EU Taxonomy Regulation. A Green asset ratio based on turnover and a Green asset ratio based on CapEx must therefore be reported. When defining the volume of new business (in connection with inflows as KPIs), the pbb Group is guided by the criteria for initial recognition in accordance with IFRS 9.3.1.1.

EU taxonomy for the pbb Group

The pbb Group takes into account the requirements of the EU Taxonomy Regulation as part of its business strategy and discloses the reporting obligations as part of the summarised non-financial reporting at the end of the year, published on pbb's website under Investors / Financial Reports and other publications. The corresponding Pillar 3 disclosure requirements are shown in this Disclosure Report in accordance with Article 434 (1) CRR. It should be noted for both reports that, due to the nature of pbb Group's business activities, there are already restrictions when assessing the taxonomy-eligibility of economic activities. These are reflected in particular in the determination and the amount of the GAR of the pbb Group. In addition, the reporting/disclosure requirements are subject to room for interpretation.

Green asset ratio of the pbb Group

The eligibility of taxonomy-eligible and taxonomy-aligned economic activities when determining the GAR of the pbb Group depends on the type of counterparty. A distinction is made between non-financial companies, financial companies, private and public households.

> Non-financial companies

  Assets vis-à-vis non-financial companies can generally only be taxonomy-non-eligible if the counterparty itself is obliged to report in accordance with Article 19a or 29a of Directive 2013/34/EU in conjunction with Directive 2014/95/EU (NFRD). Directive 2014/95/EU (Non Financial Reporting Directive, NFRD) and is therefore obliged to report in accordance with the EU Taxonomy Regulation. In particular, this does not apply to small and medium-sized enterprises with fewer than 500 employees, to clients domiciled outside the EU and to non-capital-market-oriented companies. The majority of pbb Group's borrowers are national and international companies active in commercial real estate finance that use special purpose vehicles (SPVs) for their real estate financing. These clients largely do not fulfil the criteria of the NFRD obligation, particularly due to their lack of size and capital market orientation. The companies behind the SPVs also do not fulfil the NFRD obligation. Accordingly, assets in the amount of € 29.7 billion (31 December 2023: € 31.4 billion) are not included in the GAR of the pbb Group.

  In the case of assets to non-financial companies subject to NFRD, a distinction must be made as to whether they are earmarked or not. In the case of earmarking, a detailed examination of the taxonomy conformity of the financed asset is required. If no specific purpose has been financed, the share of taxonomy-eligible and taxonomy-aligned economic activities communicated in the borrower's non-financial reporting is included in pbb Group's GAR.

> Financial company

  As with non-financial companies, assets vis-à-vis financial companies can only be taxonomy-eligible if the counterparties are subject to an NFRD obligation. It is also decisive whether the financing is earmarked for a specific purpose or not. In the case of earmarking, a detailed examination of the taxonomy conformity of the financed asset is required. If there is no specific purpose, the share of taxonomy-eligible and taxonomy-aligned economic activities communicated in the borrower's non-financial reporting is included in pbb Group's GAR. All assets of pbb Group vis-à-vis financial entities subject to NFRD are not earmarked. Thus, pbb Group can only rely on the performance indicators reported by the financial entities subject to NFRD.

> Private households

  Assets to private households can only be taxonomy-eligible if they have a special financing purpose (collateralised property financing, renovation financing or vehicle loans). In order for the assets to qualify for Taxonomy alignment, the specific characteristics with regard to the sustainability of the financed property must be derived as part of a detailed examination in addition to the financing purpose. pbb Group and its predecessor institution have not been involved in retail business since 2003, and in 2007 disposed of the majority of its existing loan portfolio to private households. Accordingly, pbb Group only has legacy cases in its portfolio which are of minor significance. In contrast to many other credit institutions, the pbb Group therefore has no taxonomy-eligible retail business in residential property for private households, which significantly limits the comparability of the GAR of the pbb Group with other credit institutions.

> Public budgets

  In the case of assets vis-à-vis public-sector entities, a distinction must be made as to whether the entity in question is a central, regional or local institution. Positions vis-à-vis central governments and supranational issuers are generally not included in the GAR. In the taxonomy eligibility test, the pbb Group classifies assets vis-à-vis regional governments in the same way as assets vis-à-vis local governments. Financing of public housing construction or other special financing can be classified as taxonomy-aligned after a detailed review of sustainability.

> Other counterparties/assets

  Collateral obtained through repossession in the form of residential and commercial properties can be included in the GAR. However, the pbb Group does not hold any such collateral. Furthermore, assets due from central banks are not included in the GAR. Derivative positions, short-term interbank loans and cash and cash equivalents may only be included in the denominator of the GAR, as a result of which the GAR ratio is lower, although these are necessary transactions for credit institutions.

Large parts of pbb Group's financial assets are currently taxonomy-non-eligible, as small and medium-sized enterprises, companies domiciled outside the EU and non-capital-market-oriented companies are not taken into account due to the NFRD obligation. At pbb Group, this applies in particular to financing of real estate via SPVs, including the companies behind the SPVs. This may change following a review and possible adjustment by the EU in accordance with Article 9 (1) (a) DelVO 2021/2178. According to the EU Taxonomy Regulation, the purpose of the financing, for example whether the financed property fulfils sustainability requirements, is irrelevant. Against this background, pbb Group believes that the information on taxonomy-non-eligible assets and the taxonomy alignment to be reported in the green asset ratios is not meaningful with regard to the actual proportion of assets that finance environmentally sustainable economic activities. The pbb Group assumes a significantly higher taxonomy-eligibility if companies that are not subject to the reporting obligation of Article 19a or 29a Directive 2013/34/EU were also to be included. According to pbb Group's assessment, the majority of pbb Group's assets in commercial real estate finance with a gross carrying amount of € 29.8 billion (31 December 2023: € 31.1 billion) would be taxonomy-eligible in this case, and the taxonomy alignment of these assets would therefore be reviewed.

Key performance indicators in accordance with Article 8 of the EU Taxonomy Regulation

As at 30 June 2024, pbb Group's total assets amounted to € 46.5 billion (31 December 2023: € 51.5 billion). Of this amount, a total of € 39.3 billion (31 December 2023: € 42.1 billion) are GAR assets in accordance with the EU Taxonomy Regulation. Of this amount, € 872 million (31 December 2023: € 982 million) is taxonomy-eligible on the basis of revenue and € 871 million (31 December 2023: € 985 million) on the basis of CapEx. These are assets in the area of environmental objective 1 Climate action and environmental objective 2 Adaptation to climate change. A total of € 130 million (31 December 2023: € 103 million) of these assets are taxonomy-aligned on the basis of revenue and € 152 million (31 December 2023: € 115 million) on the basis of CapEx.

As at 30 June 2024, the GAR based on revenue was therefore 0.33% (31 December 2023: 0.24%) and the GAR based on CapEx was 0.39% (31 December 2023: 0.27%).

Detailed information on the KPIs can be found in the following tables EU ESG6 to EU ESG8. For the reporting date of 31 December 2023, KPIs in accordance with Annex VI in conjunction with Art. Article 8 (6) and (7) of the DelVO 2021/2178 in the notes to the non-financial report 2023.

EU ESG6: Overview of the key performance indicators (KPIs) for taxonomy-aligned risk positions

The disclosure table EU ESG6 provides an overview of the most important KPIs calculated on the basis of the tables EU ESG7 and EU ESG8, whereby the GAR was estimated on the basis of the EU taxonomy-compliant sales revenue of the counterparty in relation to general purpose loans.

EU ESG7: Risk mitigation measures: Assets for the calculation of GAR

The EU ESG7 table shows a breakdown of the exposures eligible for the calculation of GAR by counterparty category (financial corporations, non-financial corporations, households, local authorities) and type of exposure (loans and credits, debt securities, equity instruments), and provides information on the EU taxonomy-eligibility and EU taxonomy alignment of the exposures with regard to the environmental objectives 1 Climate change mitigation and 2 Climate change adaptation under the EU Taxonomy Regulation.

EU ESG8: GAR (%)

Table EU ESG8 shows, based on the information contained in table EU ESG7, the proportion of exposures eligible for recognition under the EU Taxonomy Regulation that were used to finance taxonomy-aligned measures for environmental objectives 1 Climate change mitigation and 2 Climate change adaptation. The new assets, i.e. those issued within the relevant disclosure period (inflows according to columns q to af), cover the first half of 2024.

EU ESG6: Overview of the key performance indicators (KPIs) for taxonomy-aligned risk positions

	a	b	c	d
		Key Performance Indicators (KPI)		% coverage (over total assets) [1]
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation and Climate change adaptation)	
All figures in %, unless otherwise stated				
GAR stock [2]	0.33	0.00	0.33	84.39
GAR flow [3]	0.02	0.00	0.02	1.06

[1] Percentage of assets recognised for the KPI in relation to pbb Group's total assets.

[2] For the portfolio, the GAR (climate change mitigation), GAR (climate change adaptation) and GAR (climate change mitigation and adaptation) correspond to the KPIs listed in row 1, columns b, g and l of the EU ESG8.

[3] For the inflows, the GAR (climate change mitigation), GAR (climate change adaptation) and GAR (climate change mitigation and adaptation) correspond to the KPIs listed in row 1, columns r, w and ab of the EU ESG8.

EU ESG7: Risk mitigation measures: Assets for the calculation of GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Assets as at the disclosure date															
		Total gross carrying amount [1]	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			thereof towards taxonomy relevant sectors (Taxonomy-eligible)					thereof towards taxonomy relevant sectors (Taxonomy-eligible)					thereof towards taxonomy relevant sectors (Taxonomy-eligible)				
				thereof environmentally sustainable (Taxonomy-aligned)					thereof environmentally sustainable (Taxonomy-aligned)					thereof environmentally sustainable (Taxonomy-aligned)			
All figures in € million, unless otherwise stated					thereof specialised lending	thereof transitional	Thereof enabling			thereof specialised lending	thereof adaptation	Thereof enabling			thereof specialised lending	thereof transitional/adaptation	Thereof enabling
GAR - assets included in the numerator and denominator																	
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation [2]	6,025	708	130	-	102	6	164	-	-	-	-	872	130	-	102	7
2	**Financial corporations**	**1,540**	**527**	**26**	**0**	**3**	**1**	**0**	**0**	**0**	**0**	**0**	**527**	**26**	**0**	**3**	**1**
3	Credit institutions	1,540	527	26	-	3	1	-	-	-	-	-	527	26	-	3	1
4	Loans and advances	633	233	12	-	2	-	-	-	-	-	-	233	12	-	2	-
5	Debt securities, including UoP	906	294	14	-	1	1	-	-	-	-	-	294	14	-	2	1
6	Equity instruments	-	-	-	---	-	-	-	-	---	-	-	-	-	---	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	thereof investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	---	-	-	-	-	---	-	-	-	-	---	-	-
12	thereof management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	---	-	-	-	-	---	-	-	-	-	---	-	-
16	thereof insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-	---	-	-	-	-	---	-	-	-	-	---	-	-

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Assets as at the disclosure date															
		Total gross carrying amount [1)]	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**				
			thereof towards taxonomy relevant sectors (Taxonomy-eligible)					**thereof towards taxonomy relevant sectors (Taxonomy-eligible)**					**thereof towards taxonomy relevant sectors (Taxonomy-eligible)**				
				thereof environmentally sustainable (Taxonomy-aligned)					**thereof environmentally sustainable (Taxonomy-aligned)**					**thereof environmentally sustainable (Taxonomy-aligned)**			
All figures in € million, unless otherwise stated					**thereof special-ised lending**	**thereof transi-tional**	**Thereof enabling**			**thereof special-ised lending**	**thereof adapta-tion**	**Thereof enabling**			**thereof special-ised lending**	**thereof transi-tion-al/adapta tion**	**Thereof enabling**
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**149**	**142**	**105**	**0**	**99**	**5**	**0**	**0**	**0**	**0**	**0**	**142**	**105**	**0**	**99**	**5**
21	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	149	142	105	-	99	5	-	-	-	-	-	142	105	-	99	5
23	Equity instruments	-	-	-	---	-	-	-	-	---	-	-	-	-	---	-	-
24	**Households**	**5**	**4**	**0**	**0**	**0**	**0**	**---**	**---**	**---**	**---**	**---**	**4**	**0**	**0**	**0**	**0**
25	of which loans collateralised by residential immovable property	4	4	-	-	-	-	---	---	---	---	---	4	-	-	-	-
26	thereof building renovation loans	-	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-
27	thereof motor vehicle loans	-	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-
28	**Local governments financing**	**4,332**	**35**	**0**	**0**	**0**	**0**	**164**	**0**	**0**	**0**	**0**	**199**	**0**	**0**	**0**	**0**
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local governments financing	4,332	35	-	-	-	-	164	-	-	-	-	199	-	-	-	-
31	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets [2)]**	**6,025**	**708**	**130**	**0**	**102**	**6**	**164**	**0**	**0**	**0**	**0**	**872**	**130**	**0**	**102**	**7**
Assets not included in the numerator for the GAR calculation (included in the denominator)																	
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**25,362**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**
34	Loans and advances	25,138	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
35	Debt securities	224	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
36	Equity instruments	-	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Assets as at the disclosure date															
		Total gross carrying amount [1]	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**				
			thereof towards taxonomy relevant sectors (Taxonomy-eligible)					**thereof towards taxonomy relevant sectors (Taxonomy-eligible)**					**thereof towards taxonomy relevant sectors (Taxonomy-eligible)**				
				thereof environmentally sustainable (Taxonomy-aligned)					**thereof environmentally sustainable (Taxonomy-aligned)**					**thereof environmentally sustainable (Taxonomy-aligned)**			
All figures in € million, unless otherwise stated					**thereof special-ised lending**	**thereof transi-tional**	**Thereof enabling**			**thereof special-ised lending**	**thereof adapta-tion**	**Thereof enabling**			**thereof special-ised lending**	**thereof transi-tion-al/adapta tion**	**Thereof enabling**
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**6,062**	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
38	Loans and advances	6,035	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
39	Debt securities	26	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
40	Equity instruments	-	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
41	Derivatives	598	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
42	On demand interbank loans	949	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
43	Cash and cash-related assets	-	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
44	Other assets (e.g. goodwill, commodities, etc.)	265	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
45	**Total assets in the denominator (GAR)**	**39,260**	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Other assets that are neither included in the numerator nor in the denominator for the GAR calculation																	
46	Sovereigns	5,770	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
47	Central banks exposure	1,492	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
48	Trading book [3]	-	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
49	**Total assets excluded from numerator and denominator**	**7,262**	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
50	**Total assets**	**46,522**	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

[1] Gross carrying amount - before deduction of impairment losses on financial assets, after write-downs, before application of credit risk mitigation techniques - of loans and advances, debt securities and equity instruments in the banking book, i.e. excluding financial assets held for trading or held for sale.
[2] Eligible for the calculation of GAR are risk positions associated with counterparties and asset classes that are subject to the disclosure requirements under Article 8 (Transparency in non-financial statements of companies) of the EU Taxonomy Regulation. Lines 1 and 32 of the EU ESG7 correspond in this respect.
[3] The pbb Group does not maintain a trading book for securities and derivatives portfolios with the intention of generating short-term profits, which is why the pbb Group does not have to disclose any information on the GAR trading portfolio (in future).

EU ESG8: GAR (%)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Key performance indicators (KPI) for the portfolio															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					Total (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered 1)
			thereof environmentally sustainable					thereof environmentally sustainable					thereof environmentally sustainable				
All figures in % (compared to total covered assets in the denominator)				thereof specialised lending	thereof transitional	Thereof enabling			thereof specialised lending	thereof adaptation	Thereof enabling			thereof specialised lending	thereof transition-al/adaptation	Thereof enabling	
1	**GAR**	**1.80**	**0.33**	**0**	**0.26**	**0.02**	**0.42**	**0**	**0**	**0**	**0**	**2.22**	**0.33**	**0**	**0.26**	**0.02**	**84.39**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.80	0.33	-	0.26	0.02	0.42	-	-	-	-	2.22	0.33	-	0.26	0.02	12.95
3	**Financial corporations**	**1.34**	**0.07**	**0**	**0.01**	**0**	**0**	**0**	**0**	**0**	**0**	**1.34**	**0.07**	**0**	**0.01**	**0**	**3.31**
4	Credit institutions	1.34	0.07	-	0.01	-	-	-	-	-	-	1.34	0.07	-	0.01	-	3.31
5	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	thereof investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	thereof management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	thereof insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	**Non-financial corporations subject to NFRD disclosure obligations**	**0.36**	**0.27**	**0**	**0.25**	**0.01**	**0**	**0**	**0**	**0**	**0**	**0.36**	**0.27**	**0**	**0.25**	**0.01**	**0.32**
10	**Households**	**0.01**	**0**	**0**	**0**	**0**	**---**	**---**	**---**	**---**	**---**	**0.01**	**-**	**-**	**-**	**-**	**0.01**
11	of which loans collateralised by residential immovable property	0.01	-	-	-	-	---	---	---	---	---	0.01	-	-	-	-	0.01
12	thereof building renovation loans	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	-
13	thereof motor vehicle loans	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	-
14	**Local government financing**	**0.09**	**0**	**0**	**0**	**0**	**---**	**---**	**---**	**---**	**---**	**0.09**	**0**	**0**	**0**	**0**	**9.31**
15	Housing financing	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	-
16	Other local governments financing	0.09	-	-	-	-	0.42	-	-	-	-	0.51	-	-	-	-	9.31
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	-

		q	r	s	t	u	v	w	x	y	z	aa	from	ac	ad	ae	af
		Key performance indicators (KPI) for inflows															
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**Total (CCM + CCA)**					
		Proportion of new eligible assets funding taxonomy relevant sectors					**Proportion of new eligible assets funding taxonomy relevant sectors**					**Proportion of new eligible assets funding taxonomy relevant sectors**					**Proportion of total new assets covered** [2)]
			thereof environmentally sustainable					**thereof environmentally sustainable**					**thereof environmentally sustainable**				
				thereof specialised lending	**thereof transitional**	**Thereof enabling**			**thereof specialised lending**	**thereof adaptation**	**Thereof enabling**			**thereof specialised lending**	**thereof transitional/adaptation**	**Thereof enabling**	
% (compared to total covered assets in the denominator)																	
1	**GAR**	**0.32**	**0.02**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.32**	**0.02**	**0**	**0**	**0**	**1.06**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.32	0.02	-	-	-	-	-	-	-	-	0.32	0.02	-	-	-	1.06
3	**Financial corporations**	**0.32**	**0.02**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.32**	**0.02**	**0**	**0**	**0**	**0.75**
4	Credit institutions	0.32	0.02	-	-	-	-	-	-	-	-	0.32	0.02	-	-	-	0.75
5	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	thereof investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	thereof management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	thereof insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	**Non-financial corporations subject to NFRD disclosure obligations**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
10	**Households**	**0**	**0**	**0**	**0**	**0**	---	---	---	---	---	**0**	**0**	**0**	**0**	**0**	**0.01**
11	of which loans collateralised by residential immovable property	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	0.01
12	thereof building renovation loans	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	-
13	thereof motor vehicle loans	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	-
14	**Local government financing**	**0**	**0**	**0**	**0**	**0**	---	---	---	---	---	**0**	**0**	**0**	**0**	**0**	**0.30**
15	Housing financing	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	-
16	Other local governments financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.30
17	Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	---	---	---	---	---	-	-	-	-	-	-

1) KPI for the portfolio (column p): Percentage of assets recognised in the GAR in accordance with EU ESG7.

2) KPI for inflows (column af): Percentage of newly issued assets recognised in the GAR in the relevant disclosure period.

Tables EU ESG6 to EU ESG8 are disclosed for the first time as at the disclosure date of 31 December 2023. The new assets (inflows according to columns q to af) cover the 2023 financial year.

Voluntary sustainable key performance indicators

From pbb Group's perspective, the GAR ratios according to the EU taxonomy are not meaningful with regard to the actual share of environmentally sustainable assets, as there are already restrictions in terms of taxonomy-eligibility. By referring to the NFRD reporting obligation, the taxonomy-eligible criterion excludes financing for small and medium-sized enterprises, companies domiciled outside the EU and non-capital-market-oriented companies across the board. The majority of pbb Group's clients do not fulfil the taxonomy eligibility criteria, particularly financings of real estate via SPVs. However, these criteria are not an indicator of the sustainability of the financing or the financed property.

Pro forma Green asset ratio

For a more meaningful measurement of the share of sustainable financing, pbb Group calculates a pro forma Green asset ratio which abstracts from the taxonomy-eligible criterion in accordance with the EU Taxonomy Regulation. All financial assets that fulfil the comprehensive compliance criteria of the EU Taxonomy Regulation are classified as sustainable, irrespective of the assessment of taxonomy-eligibility. The criteria for assessing Taxonomy alignment are the significant contribution to the realisation of one or more of the stated environmental objectives, the non-impairment of one or more of the other environmental objectives and compliance with the minimum protection standards. Abstracting from the taxonomy-eligible criteria is based on the Banking Book Taxonomy Alignment Ratio (BTAR), which the EBA has defined for Pillar III ESG disclosure in accordance with Art. 449a CRR from the reporting date of 31 December 2024. The pro forma Green asset ratio is 11.6% for the REF portfolio of € 29.8 billion (31 December 2023: 15.1% for € 31.1 billion) and 9.1% for the GAR assets of € 39.3 billion (31 December 2023: 11.4% for € 42.1 billion).

pbb Green Loan Framework

In line with the increasing importance of sustainable financing, pbb Group introduced the pbb Green Loan Framework in the fourth quarter of 2021. The pbb Green Loan Framework is based on an independent scoring model: the scoring model allows the evaluation of a property that qualifies for a sustainable loan on the basis of defined criteria and a defined score. According to the pbb scoring model, a property or project is assessed based on the three pillars of energy efficiency, green building certification and additional sustainability criteria (such as distance to public transport and local facilities, use of green electricity or inclusion of biodiversity aspects). Alternatively, properties qualify for a sustainable loan under the pbb Green Loan Framework if they comply with the EU taxonomy.

The share of sustainable assets defined in this way is to be increased by concluding new business or extending existing business in line with the pbb Green Loan Framework or the EU taxonomy, without taking taxonomy-eligibility into account. The pbb Group sets itself concrete indicators and targets for active strategic management. By 2026, pbb Group aims to have more than 30% green loan-eligible assets in the REF portfolio. In addition, the new business volume of green loan-eligible assets among the financed real estate properties is to reach 32% by 2025. As of 30 June 2024, the share of green loan-eligible assets in the REF portfolio was 25.1% and the volume of new business was 30.5%.

This means that the requirements for EU Taxonomy alignment are directly incorporated into pbb Group's strategy, objectives, management and product design processes. The sustainability of properties increasingly correlates with their credit risk. As a result, poor sustainability has an increasing impact on the higher pricing of financing and the risk-induced selection of new business.

EU ESG10: Other climate protection measures not covered by Regulation (EU) 2020/852 (EU Taxonomy)

The EU ESG10 table provides an overview of recognised loans and bonds that support the transition to sustainable growth and a climate-neutral economy. In this respect, it shows all risk positions that aim to mitigate climate-relevant risks but are not fully compliant with the EU Taxonomy Regulation and are therefore not included in the calculation of GAR (EU ESG6 to EU ESG8). In this respect, pbb Group recognises both its green loan assets (based on pbb's Green Loan Framework) and green bond assets in its portfolio. The gross carrying amounts of the green bonds amounted to € 303 million as at the disclosure date (31 December 2023: € 286 million), and those of the green loans to € 2,075 million (31 December 2023: € 1,856 million). The increase is mainly due to the improvement in data quality in the existing business.

As described in the previous section "pbb Green Loan Framework", pbb has been offering green loans since the fourth quarter of 2021, based on pbb's internally developed Green Loan Framework. In particular, this includes loans to finance green portfolio properties, development finance for green buildings and transformation finance for portfolios that are to be developed into green properties. The two elements of the Green Loan Framework - pbb's own scoring model and the EU taxonomy - are linked, i.e. pbb's green loan scoring is based on the criteria of the EU taxonomy, while pbb's scoring also includes "soft" criteria (additional sustainability criteria) that are not found in the EU taxonomy.

EU ESG10: Other climate protection measures not covered by the EU Taxonomy Regulation

		b	c	d	e	f
	Type of financial instrument	**Type of counterparty**	**Gross carrying amount**	**Type of risk mitigated (Climate change transition risk)**	**Type of risk mitigated (Climate change physical risk)**	**Qualitative information on the nature of the mitigating actions** [1)]
All figures in € million, unless otherwise stated						
1	**Bonds**	Financial corporations	303	Climate change transition risk	-	Bonds issued by the European Investment Bank (EIB) or the Kreditanstalt für Wiederaufbau (KfW)
2	(e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Non-financial corporations	-	-	-	
3		of which loans collateralised by commercial immovable property	-	-	-	
4		Other counterparties	77	Climate change transition risk	-	Financing of local authorities for sustainable investment measures
5	**Loans**	Financial corporations	-	-	-	
6	(e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Non-financial corporations	2,075	Climate change transition risk	-	Loans rated as sustainable according to the pbb ESG scoring model
7		of which loans collateralised by commercial immovable property	2,075	Climate change transition risk	-	Loans rated as sustainable according to the pbb ESG scoring model
8		Households	-	-	-	
9		of which loans collateralised by residential immovable property	-	-	-	
10		thereof building renovation loans	-	-	-	
11		Other counterparties	98	Climate change transition risk	-	Loans rated as sustainable according to the pbb ESG scoring model

[1)] Column f contains information on the nature of "other" risk-mitigating measures to mitigate climate change that may not be fully compliant with the EU taxonomy criteria.

Outlook

Pillar 3 disclosure requirements

On 19 June 2024, Regulation (EU) 2024/1623 (CRR III) amending Regulation (EU) No. 575/2013 was published in the Official Journal of the EU. CRR III, which implements the finalisation of the Basel III framework ("Basel IV") into European law, also introduces new and amended disclosure requirements in Part 8 of the CRR. CRR III will apply from 1 January 2025.

To implement the regulatory disclosure requirements of CRR III, the EBA published an implementing technical standard on 20 June 2024: EBA/ITS/2024/05, Final Draft Implementing Technical Standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013. This standard is intended to ensure that market participants have sufficient comparable information to assess institutions' risk profiles and understand compliance with CRR III requirements. The harmonisation of disclosure requirements with the Basel III framework is also intended to further promote the comparability and consistency of information and thus market discipline.

Pillar 3 Data Hub

With the Pillar 3 Data Hub (P3DH), the EBA is creating standardised, centralised electronic access (via the EBA website) to qualitative and quantitative Pillar 3 information for credit institutions in the European Economic Area (EEA). The P3DH regulations aim to promote the transparency and comparability of data between institutions and thus further improve market discipline in the EU banking sector. The Pillar 3 information published in the P3DH is also to be incorporated into the European Single Access Point (ESAP), a centralised access point to all publicly available information in the EU. The P3DH regulations should therefore enable better and more efficient utilisation of supervisory information by all parties involved.

To implement this strategic European project, CRR III contains a corresponding mandate for the EBA in Article 434 (1) and (3) CRR. On 14 December 2023, the EBA published the discussion paper EBA/DP/2023/01 "Pillar 3 Data Hub, Processes and possible practical implications", which contains initial ideas for the development and functioning of the P3DH. The timeline envisages that the operationalisation of the P3DH will follow the CRR III disclosure schedule. The consultation on EBA/DP/2023/01 ended on 29 March 2024, meaning that the P3DH should be ready for use in 2025, with large institutions such as pbb in particular starting to disclose centrally via the P3DH as early as 2025.

List of tables

Certificate of the Management Board

in accordance with Article 431 (3) sentences 1 to 3 CRR

The Management Board of pbb assures to the best of its knowledge that this Disclosure Report has been prepared in accordance with the formal procedures and rules implemented within the pbb Group to fulfil the disclosure requirements pursuant to part 8 of the CRR.

Munich, 17 September 2024

Deutsche Pfandbriefbank AG

The Management Board

Kay Wolf	Thomas Köntgen	Dr Pamela Hoerr	Andreas Schenk	Marcus Schulte

Deutsche Pfandbriefbank AG

Parkring 28
85748 Garching
Germany
T +49 (0)89 2880-0
info@pfandbriefbank.com
www.pfandbriefbank.com