Disclosure Report

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

as at 30 June 2025

Deutsche Pfandbriefbank Group

Overview

Deutsche Pfandbriefbank Group (“pbb Group”)

EU KM1: Key parameters

All figures in £ million, unless otherwise stated		a 30.06.2025	b 31.03.2025	c 31.12.2024	d 30.09.2024	e 30.06.2024
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	2,701	2,780	2,974	2,955	2,934
2	Tier 1 capital	2,998	3,078	3,271	3,253	3,232
3	Total capital	3,186	3,323	3,544	3,555	3,562
	Risk-weighted exposure amounts (RWA)					
4	Total risk-weighted exposure amount	17,668	17,699	20,630	20,436	20,925
4a	Total risk exposure pre-floor	17,668	17,699	-	-	-
	Capital ratios (as a percentage of RWA)					
5	Common Equity Tier 1 ratio (%)	15.3	15.7	14.4	14.5	14.0
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	15.3	15.7	-	-	-
6	Tier 1 ratio (%)	17.0	17.4	15.9	15.9	15.4
6b	Tier 1 ratio considering unfloored TREA (%)	17.0	17.4	-	-	-
7	Total capital ratio (%)	18.0	18.8	17.2	17.4	17.0
7b	Total capital ratio considering unfloored TREA (%)	18.0	18.8	-	-	-
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of RWA)					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.25	3.25	3.0	3.0	3.0
EU 7e	thereof: to be made up of CET1 capital (percentage points)	1.8	1.8	1.7	1.7	1.7
EU 7f	thereof: to be made up of Tier 1 capital (percentage points)	2.4	2.4	2.3	2.3	2.3
EU 7g	Total SREP own funds requirements (%)	11.25	11.25	11.0	11.0	11.0
	Combined buffer and overall capital requirement (as a percentage of RWA)					
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.50	2.50
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 (%)	0.81	0.80	0.70	0.71	0.72
EU 9a	Systemic risk buffer (%)	0.07	0.14	0.12	0.12	0.12
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.38	3.44	3.32	3.33	3.34
EU 11a	Overall capital requirements (%)	14.63	14.69	14.32	14.33	14.34
12	CET1 available after meeting the total SREP own funds requirements (%)	6.8	7.5	6.2	6.4	6.0
	Leverage ratio					
13	Total exposure measure	40,971	41,812	43,663	44,998	45,482
14	Leverage ratio (%)	7.3	7.4	7.5	7.2	7.1
	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	thereof: 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

	All figures in £ million, unless otherwise stated	a 30.06.2025	b 31.03.2025	c 31.12.2024	d 30.09.2024	e 30.06.2024
	Liquidity coverage ratio (LCR)					
15	Total high-quality liquid assets (HQLA) (weighted value – average)	3,475	3,663	3,724	3,783	3.551
EU 16a	Cash outflows - Total weighted value	1,691	1,776	1,878	2,096	2,119
EU 16b	Cash inflows - Total weighted value	420	415	496	692	700
16	Total net cash outflows (adjusted value)	1,271	1,361	1,382	1,404	1,418
17	Liquidity coverage ratio (%)	299	283	290	301	281
	Net stable funding ratio (NSFR)					
18	Total available stable funding	35,366	36,741	36,617	37,948	38,204
19	Total required stable funding	31,170	31,705	31,584	32,582	33,338
20	NSFR ratio (%)	113	116	116	116	115

Note:

Monetary values are reported in the pbb Group's disclosure report in accordance with Article 25(4)(a) of the DVO (EU) 2024/3172 (Pillar 3 framework) in millions of euros. The figures are rounded to the nearest thousand. Due to rounding, the totals shown in the tables may differ slightly from the arithmetic sums of the individual values reported. Individual values of less than €500 thousand are not shown due to commercial rounding; these are shown as zero or as zero balances with a dash. The disclosure of information complies with the principle of materiality in accordance with Article 432(1) CRR.

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. Deutsche Pfandbriefbank AG (“pbb”) will therefore continuously adjust its assumptions and models as the understanding and interpretation of the rules and those of the industry develop. Against this background, current CRR/CRD metrics may not be comparable with previous expectations. CRR/CRD metrics may also not be comparable with similarly named metrics used by competitors, as their assumptions and estimates may differ from those of pbb.

Since the disclosure date of 30 June 2024, the pbb Group has been using, among other things, the Foundation Internal Ratings Based Approach (F-IRBA), hereinafter referred to as the "IRB approach (IRBA)",to determine its capital requirements for credit risk. For a transitional period from 30 June 2024 until the entry into force of CRR III ("Basel IV") on 1 January 2025, the determination of risk-weighted exposure amounts under F-IRBA was calibrated to standardised risk parameters. Against this background, the values reported as at 30 June 2025 and 31 March 2025 are only comparable to a limited extent with the values reported for reporting dates up to and including 31 December 2024 or in previous periods.

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Introduction

Deutsche Pfandbriefbank ("pbb")

The Deutsche Pfandbriefbank Group ("pbb Group") consists predominantly of the parent company Deutsche Pfandbriefbank AG ("pbb"). pbb, headquartered in Munich/Garching, is a leading European specialist bank for commercial real estate finance (REF) with a focus on Pfandbrief-eligible business. Geographically, its focus is on Europe and the USA. It issues mortgage Pfandbriefe secured 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 customers 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 is able to carry out both complex financing transactions and cross-border transactions.

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

pbb is classified as a significant supervised institution in a member state of the euro area 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-SRI). Disclosure in accordance with Article 441 of the Capital Requirements Regulation (CRR) "Disclosure of indicators of global systemic importance" is not relevant for the pbb Group.

Purpose 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 pursuant to Part 8 of the CRR for the pbb Group as at 30 June 2025.

The disclosure requirements are set out in Articles 431 to 455 CRR, with additional requirements found in Section 26a (1) sentence 1 of the German Banking Act (KWG). In order to comply with these disclosure requirements, pbb applies the uniform disclosure formats of the European Banking Authority (EBA) in accordance with Implementing Regulation (EU) 2024/3172 (Pillar 3 framework). The reporting currency is the euro.

pbb is a large institution pursuant to Article 4 (1) No. 146 CRR and thus implements the frequency requirements pursuant to Article 433a CRR. The relevant disclosure period for this report is from 31 March 2025 to 30 June 2025, although the reference period for certain tables and information may differ depending on the respective disclosure cycle in accordance with Article 433a CRR. For information that must be disclosed on a half-yearly basis, the comparison date is 31 December 2024. For information that must be disclosed on a quarterly basis, the comparison date is 31 March 2025.

Unlike the interim report of the pbb Group, the disclosure report focuses primarily on the regulatory perspective. In accordance with Article 433a(1)(b) CRR, this disclosure report includes, in particular, information on:

- own funds and capital ratios
- own funds requirements and risk-weighted assets (RWA), the effects of applying own funds floors ("output floor")
- the countercyclical capital buffer (CCyB)
- the leverage ratio
- credit risk (counterparty credit risk, CVA 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 items of information specified in Part 8, Title II/III of the CRR if they are not considered material or are classified as business secrets or confidential. pbb has not made use of this option.

Formal procedures and regulations for fulfilling disclosure requirements

In addition to the disclosure report itself, a key component of fulfilling Pillar 3 disclosure requirements is the written documentation of the rules and procedures applied in the context of disclosure. In accordance with Article 431(3) CRR, the pbb Group has implemented formal procedures and regulations to ensure compliance with disclosure requirements and their appropriateness in accordance with the CRR, and has documented these in a disclosure policy. The policy describes all the essential, inherent principles of disclosure in accordance with Part 8 of the CRR, such as the nature and scope of disclosure, including the use of disclosure waivers, the adequacy of disclosures, the medium and deadlines for disclosure, 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 regularly reviewing the appropriateness and expediency of the disclosure practices, standards and processes established within the pbb Group. The Disclosure Policy is reviewed regularly and adapted to current market requirements.

As part of the disclosure process, the pbb Group has implemented 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 pbb Group's auditor does not audit the disclosure report itself, which is why the Pillar 3 disclosures in this report are not certified.

The disclosure report is approved by the entire Management Board of pbb. The Management Board's certification pursuant to Article 431(3) CRR can be found at the end of this disclosure report.

Means of disclosure

In accordance with Article 434(1) CRR, the disclosure report is published as a separate report on pbb's website (www.pfandbriefbank.com) under Investors / Mandatory disclosures / Disclosure report in accordance with Part 8 of the CRR. pbb will notify the ECB, the Deutsche Bundesbank and the Federal Financial Supervisory Authority (BaFin) of the date and medium of publication.

Scope

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

The basis is the regulatory consolidation scope pursuant to Articles 18 to 24 CRR. There are no differences between the regulatory consolidation scope and the accounting consolidation scope for the pbb consolidated financial statements (IFRS) as at the disclosure date. Disclosure on the basis of the consolidated situation requires that business relationships within the pbb Group be offset and intra-group transactions be eliminated. The regulatory values and key figures are determined on the basis of IFRS accounting standards, the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

A list of pbb's prudentially consolidated subsidiaries is included in the disclosure report as at 31 December 2024 (chapter "Prudential and accounting consolidation", page 26 f.), table EU LI3 "Description of differences between the consolidation groups (by individual companies)".

Compared to the end of 2024, the following changes occurred in the first half of 2025:

- In the first half of 2025, the wholly-owned subsidiaries Alabama Four Asset Management LLC, Alabama Five Asset Management LLC, Alabama Six Asset Management LLC and Alabama Seven Asset Management LLC were founded, each with their registered office in Wilmington, Delaware, USA, and their administrative headquarters in Atlanta, Georgia, USA. Alabama Four Asset Management LLC, Alabama Five Asset Management LLC and Alabama Six Asset Management LLC were included in the interim consolidated financial statements for the first time as of 30 June 2025. Alabama Seven Asset Management LLC had no assets, liabilities or equity as at 30 June 2025 and was therefore not included in the interim consolidated financial statements as at 30 June 2025.

  All four companies are classified as financial institutions under Article 4(1)(26) CRR for supervisory purposes. Alabama Four Asset Management LLC, Alabama Five Asset Management LLC and Alabama Six Asset Management LLC were consolidated for the first time for supervisory purposes. Alabama Seven Asset Management LLC was excluded from the scope of consolidation for supervisory purposes in accordance with Article 19(1) CRR in conjunction with Section 31(3) KWG.

- In March 2025, pbb Invest GmbH was founded with its registered office in Munich. Its sole shareholder is pbb Beteiligungs GmbH, based in Munich, a wholly-owned subsidiary of pbb. The company's share capital amounts to €25,000. As pbb Invest GmbH had no assets other than the shareholder contribution as at 30 June 2025, it was not included in the interim consolidated financial statements.

  pbb Beteiligungs GmbH is classified as a financial institution under Article 4(1)(26) CRR for supervisory purposes and is excluded from the scope of consolidation for supervisory purposes in accordance with Article 19(1) CRR in conjunction with Section 31(3) KWG.

Waiver provision in accordance with CRR

As in the previous year, pbb made use of the relief provided by the waiver regulation pursuant to Article 7(3) CRR in the first half of 2025. In accordance with 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 individual institution level.

pbb continues to meet the requirements pursuant to Article 7(3) CRR:

- Within the pbb Group, there are no material factual or legal impediments to the prompt transfer of own funds or repayment of liabilities to the parent company (pbb), nor are any such impediments foreseeable. The company that is essential to the financial stability of the pbb Group, pbb, has its registered office in Germany. pbb is also the only credit institution within the pbb Group. pbb's shareholding in the subsidiaries consolidated for supervisory purposes regularly amounts to 100% of the voting rights. pbb has a controlling influence over each of its subsidiaries. In addition, the existence of a formal internal group decision-making process for the transfer of own funds between pbb as the parent company and ultimate parent institution of the pbb Group and the subsidiaries enables immediate transfer. In the 2025 financial year, there were no transfers of own funds or repayments of liabilities within the meaning of Article 7(1)(a) CRR.

- The pbb Group has an integrated risk management system covering the entire Group, which includes pbb and its subsidiaries that are included in the supervisory consolidation scope of the pbb Group. The Management Board of pbb bears overall responsibility for the risk management system and decides on the strategies and key issues relating to risk management and risk organisation. The principles, methods and processes of the pbb Group's risk management system are specified centrally by pbb and applied throughout the 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 the pbb Group as organs of the respective company, which enables sufficient involvement in all strategic decisions of the pbb Group. This also allows risk appetite and risk management to be handled uniformly across the companies of the pbb Group. In addition, pbb has a risk control unit that is responsible for the uniform application of risk management within the pbb Group. This is intended to ensure that risk measurement procedures and risk reporting are uniform and risk indicators are comparable within the pbb Group.

In addition, pbb made use of a waiver granted by the ECB in accordance with section 2a (2) of the German Banking Act (KWG) in the 2025 financial year. Accordingly, pbb is exempt at the individual institution level from applying the requirements of section 25a (1) sentence 3 nos. 1, 2 and 3 b) and c) KWG with regard to the risk control function for the management of risks, with the exception of liquidity risk. The conditions required for the granting of the waiver pursuant to Article 7 (3) CRR are met: There is no material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities to the parent institution in a Member State, nor is any such impediment foreseeable. The risk evaluation, 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 made use of consolidation on a solo basis in accordance with Article 9 CRR.

Own funds and assets

Own funds

This section presents the information required by Article 437 CRR on the pbb Group's own funds.

Regulatory own funds

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

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

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

The following EU CC1 table in accordance with Article 437(a), (d), (e) and (f) CRR and Article 444(e) CRR shows the composition of regulatory capital as well as the capital ratios and capital buffers for the pbb Group as at the disclosure date. The basis for the own funds shown in the table is the COREP report on own funds and own funds requirements of the pbb Group as at 30 June 2025. Table EU CC1 contains cross-references (column b) to the respective item in Table EU CC2 for reconciling regulatory capital with the published pbb Group balance sheet or balance sheet equity (IFRS).

EU CC1: Composition of regulatory capital

All figures in € million, unless otherwise stated		a 30.06.2025	b 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	thereof: subscribed capital	380	Reference EU CC2, line 33
1b	thereof: additional paid-in capital	1,637	Reference EU CC2, line 34
2	Retained earnings	1,192	Reference EU CC2, line 35
3	Accumulated other comprehensive income (and other reserves)	-113	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	-	Reference EU CC2, line 37
6	**Common Equity Tier 1 (CET1) capital before regulatory adjust-ments**	**3,096**	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)	-	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)	-	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	44	Reference EU CC2, line 43
12	Negative amounts resulting from the calculation of expected loss amounts	-74	Reference EU CC2, line 44
13	Any increase in equity resulting 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	thereof: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	thereof: securitisation positions (negative amount)	-	
EU-20d	thereof: free deliveries (negative amount)	-	

All figures in € million, unless otherwise stated		(a) **30.06.2025**	(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	thereof: 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	thereof: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-242	
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)	-	
27	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments where relevant)	-	Reference EU CC2, line 46
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-396**	Reference EU CC2, line 47
29	**Common Equity Tier 1 (CET1) capital**	**2,701**	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	thereof: 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	thereof: 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) 30.06.2025	(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)**	**2,998**	Reference EU CC2, line 56
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	123	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	thereof: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	64	Reference EU CC2, line 58
51	**Tier 2 (T2) capital before regulatory adjustments**	**187**	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**	**187**	Reference EU CC2, line 62
59	**Total capital (TC = T1 + T2)**	**3,186**	Reference EU CC2, line 63
60	**Total risk exposure amount**	**17,668**	

All figures in € million, unless otherwise stated		(a) 30.06.2025	(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)**	**15.29**	
62	**Tier 1 (as a percentage of total risk exposure amount)**	**16.97**	
63	**Total capital (as a percentage of total risk exposure amount)**	**18.03**	
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)	9.73	
65	thereof: capital conservation buffer requirement	2.50	
66	thereof: countercyclical buffer requirement	0.81	
67	thereof: systemic risk buffer requirement	0.07	
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 risks other than the risk of excessive leverage	1.83	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	6.78	
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)	116	
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	50	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	64	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	75	
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	-	
81	Amount excluded from CET1 due to 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

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 amounting to €3,142 million, adjusted for regulatory adjustments.

Common Equity Tier 1

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

pbb's subscribed capital (share capital) remained unchanged at around €380 million as at 30 June 2025 (EU CC1, line 1a). The share capital is the capital to which the shareholders' liability for the liabilities of the corporation towards creditors is limited. It is divided into 134,475,308 bearer ordinary shares in the form of no-par value shares with a notional value of approximately €2.83 per no-par value share.

In addition to the subscribed capital (share capital), the core capital consists of capital reserves of €1,637 million (EU CC1, line 1b), retained earnings of €1,192 million (EU CC1, lines 2 and EU-5a) – after taking into account the AT1 coupon payment of €25 million made in April 2025, the planned share buyback of around €15 million, subject to prior approval by the ECB, and the result after taxes from 1 January to 30 June 2025 of €-242 million – and the cumulative other comprehensive income of €-113 million (EU CC1, line 3).

Common Equity Tier 1 (CET1) capital before regulatory adjustments amounts to €3,096 million (EU CC1, line 6). It is adjusted for regulatory purposes by various items prescribed in the CRR, with a total deduction of €396 million (EU CC1, line 28):

> Value adjustments due to the requirements for prudent valuation of assets carried at fair value in the amount of €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 prudent valuation of assets carried at fair value in accordance with Article 34 CRR in conjunction with Article 105 CRR. The pbb Group applies the simplified approach to determine these additional valuation adjustments. Institutions may use this approach if the sum of the absolute value of the assets and liabilities carried at fair value in the annual financial statements, less offsetting possibilities, is below the threshold of €15 billion. For the pbb Group, this value amounts to €3.8 billion according to the pbb consolidated financial statements (IFRS) as at the disclosure date.

> Intangible assets (mainly purchased and internally developed software) totalling €47 million are deducted from CET1 in the amount of €20 million in accordance with Article 37 CRR in conjunction with Article 36(1)(b) CRR (EU CC1, line 8).

  An exception to the deduction of intangible assets under Article 36(1)(b) CRR applies to conservatively valued software assets that are determined over a regulatory amortisation period of three years (but not longer than the accounting amortisation period). The pbb Group uses this rule for conservatively valued software assets amounting to €27 million. These software assets, which are not deducted from CET1, are risk-weighted in the credit risk standardised approach, exposure class "Other items".

> Deferred income tax assets total €129 million. Of these, deferred tax assets that do not result from temporary differences (after offsetting against deferred tax liabilities in the balance sheet) are deducted from CET1 in the amount of €16 million in accordance with Article 38(3) CRR (EU CC1, line 10).

  Deferred tax assets of €113 million resulting from temporary differences are risk-weighted in the credit risk standardised approach, exposure class "Other items".

> The cash flow hedge reserve of €-44 million still included in other comprehensive income is neutralised in CET1 in accordance with Article 33 CRR (EU CC1, line 11: €+44 million).

- Institutions that apply the IRB approach (A-IRB or F-IRB) based on internal bank rating procedures must treat credit risk adjustments (stages 1 to 3) in accordance with the provisions of Article 159 CRR, Article 62(d) CRR and Article 36(1)(d) CRR. This means that if the total amount of value adjustments (stages 1 to 3) and provisions in the lending business results in a value adjustment shortfall compared to the expected loss, this must be deducted from CET1. However, individual value adjustments (Stage 3 value adjustments) for defaulted exposures may not be used to cover the expected loss amounts of non-defaulted exposures. At the end of the first half of 2025, there was a shortfall in value adjustments (Stage 1 and Stage 2 value adjustments) of €74 million (EU CC1, line 12).

  On the other hand, a value adjustment surplus of up to 0.6% of the risk-weighted exposure amounts (RWA) must be added to the supplementary capital (T2). At the end of the first half of 2025, an excess provision (stage 3 provisions) of €64 million was added to the supplementary capital (EU CC1, line 50).

- The loss for the current financial year (earnings after tax: €242 million) is deducted in full from CET1 in accordance with Article 36(1)(a) CRR (EU CC1, line EU-25a).

- The item "Other regulatory adjustments" in the amount of €-82 million (EU CC1, line 27a) includes the following deductions from CET1:

  - Liabilities from bank levies amounting to €51 million. These include, in particular, expenses for security deposits for the European bank levy to BaFin as the national resolution authority, as well as payments made to the German Banks Compensation Scheme (statutory deposit guarantee) and the Deposit Protection Fund of Private Banks at the Association of German Banks (BdB). A deduction requirement results from the ECB's SREP decision.

  - An amount of €28 million for the minimum coverage of non-performing exposures (NPL backstop).

    Of this amount, €26 million relates to defaulted loans and credits in accordance with Article 47a et seq. CRR, which were granted or increased after 26 April 2019, and €2 million relates to receivables that defaulted before 1 April 2018 (old portfolio). The loan defaults that lead to an NPL backstop under the ECB addendum amount to less than €0.1 million. The ECB addendum extended the rules to defaulted exposures that have defaulted since 1 April 2018 and are therefore not covered by the aforementioned Article 47a et seq. CRR.

  - Gains and losses from derivative liabilities measured at fair value that result from the institution's own credit risk (debt value adjustment, DVA) amounting to €3 million. The DVA deduction requirement results from Article 33(1)(c) CRR.

The total Common Equity Tier 1 (CET1) capital of the pbb Group amounted to €2,701 million as at the disclosure date.

Additional core capital

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

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

In April 2025, a coupon payment of €25 million was made on the AT1 capital.

The bonds have no maturity date, but were initially callable by pbb on 28 April 2023 and have since been callable every five years. In addition, the bonds are callable by pbb for regulatory and tax reasons, subject to the prior approval of the competent supervisory authority. Creditors do not have a regular right of termination.

The bond terms also provide for a temporary write-down of the nominal amount in the event that the Common Equity Tier 1 (CET1) ratio falls below the threshold of 7.0%. The threshold of 7.0% primarily refers to the pbb Group under IFRS. In addition, the threshold also applies at the individual institution level under the German Commercial Code (HGB), provided that pbb is no longer exempt from determining regulatory ratios on an individual institution basis. In addition to the aforementioned contractual right to write down, in the event of a crisis at pbb, the competent resolution authority has the (statutory) option, under conditions defined in more detail by law, to convert the bonds into pbb shares or to write down the bonds (known as a bail-in).

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

No regulatory adjustments were made to the additional core capital.

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

Supplementary capital

The supplementary capital (T2) of the pbb Group consists of longer-term subordinated liabilities to which the provisions of Articles 62 to 65 CRR apply.

All subordinated liabilities are subject to market-based interest rates. The issuer is not obliged to make early repayments, but ppb reserves the right to make early repurchases of T2 instruments for economic reasons, subject to prior approval by the supervisory authority. They are subordinate to all claims of creditors that are not also subordinate (in the event of liquidation, insolvency or other insolvency or other proceedings), but take precedence over both the liquidation claims of shareholders and the claims of AT1 capital instruments (additional core capital). No subsequent restriction of subordination, maturity or notice period is possible. Debtor termination rights are possible under certain contractual conditions. The original terms are at least 5 years and are generally between 10 and 20 years. In the event of a crisis at pbb, the competent resolution authority has the (statutory) option, under conditions defined in more detail by law, to convert the supplementary capital into pbb shares or to write down the supplementary capital (known as a bail-in).

No regulatory adjustments were made to the additional Tier 2 capital.

As at the disclosure date, the additional Tier 2 capital (T2) amounts to €187 million, taking into account discounts and amortisation in accordance with Article 64 CRR and after allocation of the excess of value adjustments (stage 3 value adjustments) of €64 million (EU CC1, line 50).

In connection with a partial repurchase of two existing Tier 2 instruments, pbb also issued a new Tier 2 bond in the amount of €300 million. This new issue was completed on 4 July 2025, which is why it was not yet eligible for inclusion in own funds as at the half-year reporting date.

Own Funds

The pbb Group's regulatory capital, which is decisive for meeting regulatory capital requirements and thus for capital adequacy, totalled €3,186 million (down €358 million compared with 31 December 2024). They comprise €2,701 million in

Common Equity Tier 1 capital (CET1) (down €273 million compared with 31 December 2024), €298 million in Additional Tier 1 capital (AT1) and €187 million in Tier 2 capital (down €86 million compared with 31 December 2024).

The €273 million decrease in Common Equity Tier 1 (CET1) capital is attributable to significantly higher capital deductions (regulatory adjustments), in particular for the negative after-tax result and the valuation shortfall in the IRB approach. This was offset by, among other things, the reduction in the capital deduction for the minimum coverage of non-performing exposures (NPL backstop).

The €86 million decline in supplementary capital (T2) is primarily due to the partial repurchase of two existing Tier 2 instruments described above and reductions in the recognition of subordinated bonds due to daily amortisation in accordance with Article 64 CRR. However, the new issue of €300 million was not yet eligible for recognition as at the half-year reporting date in 2025.

Reconciliation of regulatory capital and balance sheet equity

The following table EU CC2 shows the reconciliation of regulatory capital with the published pbb Group balance sheet as at 30 June 2025, in particular the balance sheet equity (IFRS), in accordance with Article 437(a) CRR. The table contains cross-references (column c) to the respective regulatory capital item in table EU CC1.

The pbb Group's statutory equity (IFRS) amounted to €3,142 million at the end of the first half of 2025 (EU CC2, line 31). Further information on the composition of balance sheet equity (IFRS) and its development is provided in the pbb Group's interim report as at 30 June 2025 (published on the pbb website), in the notes "Changes in equity" (page 31) and 29 "Equity" (page 42).

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

		a	c
All figures in € million		Balance sheet as in published financial statements under regulatory scope of consolidation [1)] 30.06.2025	Reference
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash reserve	2,130	
2	Financial assets at fair value through profit or loss	1,446	
3	Financial assets at fair value through other comprehensive income	1,233	
4	Financial assets at amortised cost after credit loss allowances	37,158	
5	Positive fair values of hedge accounting derivatives	119	
6	Valuation adjustment from portfolio hedge accounting (assets)	-37	
7	Investments accounted for using the equity method	1	
8	Tangible assets	31	
9	Intangible assets	47	
10	Other assets	72	
11	Current income tax assets	27	
12	Deferred income tax assets	129	
13	**Total assets**	**42,356**	
Liabilities – Breakdown by liability class according to the balance sheet in the published financial statements			
14	Financial liabilities at fair value through profit or loss	546	
15	Financial liabilities measured at amortised cost	37,972	
16	Subordinated liabilities [2]	890	
17	Negative fair values of hedge accounting derivatives	541	
18	Valuation adjustment from portfolio hedge accounting (liabilities)	-7	
19	Commission	97	
20	Other liabilities	55	
21	Current income tax liabilities	9	
22	Deferred tax liabilities	1	
23	**Liabilities**	**39,214**	
24	Equity attributable to the shareholders of pbb	2,844	
25	Subscribed capital	380	
26	Additional paid-in capital	1,637	
27	Retained earnings	940	
28	Accumulated other comprehensive income	-113	
29	Additional equity instruments (AT1) [2]	298	
30	Non-controlling interests	-	
31	**Equity**	**3,142**	
32	**Total equity and liabilities**	**42,356**	
Shareholders' equity			
	Common Equity Tier 1 (CET1): Instruments and reserves		
33	Capital instruments and the related share premium accounts	2,017	Reference EU CC1, line 1
34	thereof: subscribed capital	380	Reference EU CC1, line 1a
35	thereof: additional paid-in capital	1,637	Reference EU CC1, line 1b
36	Retained earnings	1,192	Reference EU CC1, lines 2 and EU-5a
37	Accumulated other comprehensive income	-113	Reference EU CC1, line 3
38	Independently reviewed interim profits net of any foreseeable charge or dividend	-	Reference EU CC1, line EU-5a
39a	Proposed distribution of a dividend (for information)	-	
39b	Planned share buyback (for information)	15	
40	**Common Equity Tier 1 (CET1) before regulatory adjustments**	**3.096**	Reference EU CC1, line 6
	Common Equity Tier 1 (CET1): regulatory adjustments		
41	Additional value adjustments (negative amount)	-	Reference EU CC1, line 7
42	Intangible assets (net of related tax liability) (negative amount)	-	Reference EU CC1, line 8

All figures in € million		a **Balance sheet as in published financial statements under regulatory scope of consolidation [1)]** **30.06.2025**	c **Reference**
43	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)	-	Reference EU CC1, line 10
44	Fair value reserves related to gains or losses on cash flow hedges	44	Reference EU CC1, line 11
45	Negative amounts resulting from the calculation of expected loss amounts	-74	Reference EU CC1, line 12
46	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	Reference EU CC1, line 14
47	Other regulatory adjustments to CET1 capital	-	Reference EU CC1, line 27a
48	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-396**	Reference EU CC1, line 28
49	**Common Equity Tier 1 (CET1) capital**	**2,701**	Reference EU CC1, line 29
	Additional Tier 1 (AT1) capital: Instruments and reserves		
50	Capital instruments and the related share premium accounts	298	Reference EU CC1, line 30
51	thereof: classified as equity under applicable accounting standards	298	Reference EU CC1, line 31
52	thereof: classified as liabilities under applicable accounting standards	-	Reference EU CC1, line 32
53	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**298**	Reference EU CC1, line 36
	Additional Tier 1 (AT1) capital: regulatory adjustments		
54	Not applicable at pbb	-	
55	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**	Reference EU CC1, line 43
56	**Additional Tier 1 (AT1) capital**	**298**	Reference EU CC1, line 44
57	**Tier 1 capital (T1 = CET1 + AT1)**	**2,998**	Reference EU CC1, line 45
	Tier 2 (T2) capital: Instruments and reserves		
58	Capital instruments and the related share premium accounts	123	Reference EU CC1, line 46
59	Credit risk adjustments	64	Reference EU CC1, line 50
60	**Tier 2 (T2) capital before regulatory adjustments**	**187**	Reference EU CC1, line 51
	Tier 2 (T2) capital: regulatory adjustments		
61	Not applicable at pbb	**-**	
62	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	Reference EU CC1, line 57
63	**Tier 2 (T2) capital**	**187**	Reference EU CC1, line 58
64	**Total capital (TC = T1 + T2)**	**3,186**	Reference EU CC1, line 59

[1)] There are no differences between the regulatory consolidation scope according to CRR and the accounting consolidation scope 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 column a in accordance with the Pillar 3 framework.
[2)] Additional core capital (AT1) qualifies as equity under IFRS, as there is no obligation to repay it or to service it on an ongoing basis.
The supplementary capital instruments (T2) are included in liabilities in the IFRS balance sheet.

Own funds and eligible liabilities (MREL)

This section presents the information required under Article 45i of the EU Bank Recovery and Resolution Directive (BRRD), implemented in Germany in Section 51 of the Recovery and Resolution Act (SAG), on the minimum requirements for own funds and eligible liabilities (MREL) of the pbb Group.

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

Minimum requirements for own funds and eligible liabilities (MREL)

Institutions in the EU are required to hold, in addition to regulatory capital, liabilities that can be converted into equity at any time in the amount of the so-called MREL ratio. This is to ensure that, in the event of resolution, sufficient funds are available to absorb losses in order to avoid recourse to taxpayers' money. However, there are clear limits to the possibility of converting liabilities into equity (bail-in capability). In particular, there is the principle that no creditor may be worse off than under normal insolvency proceedings (Principle of No Creditor Worse Off, NCWO). This means, among other things, that deposits, insofar as they are covered by the national deposit guarantee fund, are not eligible for bail-in and are therefore excluded from conversion.

The minimum requirements are determined by the competent resolution authorities for each supervised bank individually and depending on the preferred resolution strategy. For pbb, the institution-specific requirements are set by the EU's Single Resolution Board (SRB) as part of the annual reassessment of the capital to be held and eligible liabilities. The total risk exposure amount (TREA) and the total exposure measure (TEM) of the leverage ratio are used as assessment criteria. Internal bank management bases its decisions on the highest requirement in each case.

Regulatory MREL key parameters

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

As at the disclosure date, there were no differences between the resolution group and the regulatory group for the pbb Group. Similarly, there were no differences between the regulatory consolidation scope and the accounting consolidation scope for the pbb consolidated financial statements (IFRS). The own funds reported in Table EU KM2 therefore correspond to the regulatory own funds of the institutional group.

As at the disclosure date of 30 June 2025, the pbb Group exceeded the MREL requirement by more than €1.3 billion, including buffer requirements (31 December 2024: €1.2 billion). The minimum requirements to be maintained by pbb in accordance with the SRB's current MREL decision amount to 21.15% in relation to the TREA (31 December 2024: 21.15%) and 7.97% in relation to the TEM (31 December 2024: 7.97%). The MREL ratios of the pbb Group as at the disclosure date amount to 41.81% with regard to the TREA (31 December 2024: 39.08%) and 18.03% with regard to the TEM (31 December 2024: 18.46%). The pbb Group thus significantly exceeds the minimum MREL requirements for TREA and TEM specified in the SRB decision.

EU KM2: Key parameters – MREL and, if applicable, G-SRI requirement for own funds and eligible liabilities

		a	b	c	d	e	f
		Minimum requirement for own funds and eligible liabilities (MREL)	**G-SII Requirement for own funds and eligible liabilities (TLAC) [1)]**				
All figures in € million, unless otherwise stated		**30.06.2025**	**30.06.2025**	**31.03.2025**	**31.12.2024**	**30.09.2024**	**30.06.2024**
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	7,387	-	-	-	-	-
EU-1a	thereof own funds and subordinated liabilities	5,190	—	—	—	—	—
2	Total risk exposure amount of the resolution group (TREA)	17,668	-	-	-	-	-
3	Own funds and eligible liabilities as a percentage of the TREA (in %)	41.81	-	-	-	-	-
EU-3a	thereof own funds and subordinated liabilities (in %)	29.38	—	—	—	—	—
4	Total exposure measure (TEM) of the resolution group	40,971	-	-	-	-	-
5	Own funds and eligible liabilities as percentage of the TEM (in %)	18.03	-	-	-	-	-
EU-5a	thereof own funds or subordinated liabilities (in %)	12.67	—	—	—	—	—
6a	Does the subordination exemption in Article 72b(4) of Regulation (EU) No 575/2013 apply? (5% exemption) yes / no	—	-	-	-	-	-
6b	Aggregate amount of permitted non-subordinated eligible liabilities instruments if the subordination discretion in accordance with Article 72b(3) of Regulation (EU) No 575/2013 is applied (max 3.5% exemption)	—	-	-	-	-	-
6c	If a capped subordination exemption applies in accordance with Article 72b (3) of Regulation (EU) No 575/2013, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded liabilities and that would be recognised under row 1 if no cap was applied (in %)	—	-	-	-	-	-
Minimum requirement for own funds and eligible liabilities (MREL)							
EU-7	MREL expressed as a percentage of the TREA (in %)	21.15	—	—	—	—	—
EU-8	thereof to be met with own funds or subordinated liabilities (in %)	18.95	—	—	—	—	—
EU-9	MREL expressed as a percentage of the TEM (in %)	7.97	—	—	—	—	—
EU-10	thereof to be met with own funds or subordinated liabilities (in %)	7.97	—	—	—	—	—

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

Countercyclical capital buffer

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

Countercyclical capital buffer

The countercyclical capital buffer (CCyB) pursuant to Section 10d of the German Banking Act (KWG) is considered a macroprudential instrument of banking supervision. Its main purpose is to counteract the risk of excessive credit growth in the banking sector, i.e. in times of excessive credit growth, banks are required to build up an additional capital buffer – held in Common Equity Tier 1 (CET1) capital – which increases their loss-absorbing capacity in the event of a crisis.

According to Article 140(4) CRD, all exposure classes of the credit risk standardised approach are relevant for the calculation of the countercyclical capital buffer, 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 domestic countercyclical capital buffer (CCB) ratio may generally range from 0 to 2.5% of total risk-weighted assets (RWA) and is reviewed quarterly by BaFin for its adequacy and adjusted if necessary. To this end, BaFin assesses the intensity of cyclical systemic risk and determines what ratio of the domestic countercyclical capital buffer is appropriate.

As of the disclosure date of 30 June 2025, the value for Germany is 0.75%. BaFin last raised the domestic countercyclical capital buffer rate by 0.75 percentage points with effect from 1 February 2023 with the aim of strengthening the resilience of the German banking system as a preventive measure.

Individual institution-specific countercyclical capital buffer

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

Capital buffer for systemic risks

Since 1 February 2023, pbb has also been applying the sectoral systemic risk buffer (SRP) introduced by BaFin. BaFin reduced the level of the sectoral systemic risk buffer from 2.00% to 1.00% in its "General ruling on the imposition of a capital buffer for systemic risks pursuant to Section 10e of the German Banking Act (KWG)" dated 30 April 2025. Institutions must maintain this reduced systemic risk buffer since 1 May 2025.

This systemic risk buffer applies to credit risk positions secured by residential real estate in Germany and is intended to additionally counteract specific risks in the residential real estate 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 of the German Banking Act (KWG), BaFin decided to maintain the level of the sectoral systemic risk buffer.

The risk-weighted exposure amounts (RWA) for these loans secured by domestic residential property amount to €1,280 million (31 December 2024: €1,205 million), resulting in a capital requirement of €13 million (i.e. 0.07% of total RWA, see EU KM1, line EU 9a). The capital requirement for the systemic risk buffer, like the institution-specific countercyclical capital buffer, must be held in Common Equity Tier 1 (CET1) capital.

Quantitative information on the countercyclical capital buffer

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

The institution-specific countercyclical capital buffer (IAKP) for the pbb Group amounts to 0.81% as at the disclosure date (31 December 2024: 0.70%), which is significantly below the applicable maximum ratio of 2.5%.

The capital requirement of €143 million (0.81% of total risk-weighted exposure amounts) must be held in Common Equity Tier 1 (CET1) capital in accordance with Section 10d (1) of the German Banking Act (KWG). After complying with the Common Equity Tier 1 ratio of 4.5% of the total risk amount, the pbb Group has €1,906 million in Common Equity Tier 1 capital available for this purpose, as well as for the own funds requirements of the sectoral systemic risk buffer (SRP) and the capital conservation buffer (CCB).

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

All figures in £ million, unless otherwise stated		a
1	Total risk exposure amount [1)]	17,668
2	Institution-specific countercyclical capital buffer rate (%)	0.81
3	Institution-specific countercyclical capital buffer requirement [2]	143

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

EU CCyB1: Geographical distribution of credit risk positions relevant for the calculation of the countercyclical capital buffer ( )

			a	b	c	d	e	f	g	h	i	j	k	l	m
			General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	Total exposure value [1)]	Own 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]**														
1	(AT)	Austria	255	314	-	-	-	570	13	-	-	13	166	1.02	0.00
2	(BD)	Bangladesh	14	-	-	-	-	14	-	-	-	-	1	-	-
3	(BE)	Belgium	55	9	-	-	-	65	1	-	-	1	7	0.04	1.00
4	(CH)	Switzerland	-	30	-	-	-	30	1	-	-	1	15	0.09	0.00
5	(CZ)	Czech Republic	-	463	-	-	-	463	19	-	-	19	232	1.42	1.25
6	(DE)	Germany	5,017	7,890	-	-	-	12,908	569	-	-	569	7,107	43.55	0.75
7	(ES)	Spain	381	570	-	-	-	951	25	-	-	25	311	1.91	0.00
8	(FI)	Finland	-	441	-	-	-	441	18	-	-	18	229	1.40	0.00
9	(FR)	France	669	2,884	-	-	-	3,553	131	-	-	131	1,632	10.00	1.00
10	(GB)	United Kingdom	33	1,632	-	-	-	1,665	126	-	-	126	1,571	9.62	2.00
11	(GG)	Guernsey	-	3	-	-	-	3	-	-	-	-	2	0.01	-
12	(GH)	Ghana	18	-	-	-	-	18	-	-	-	-	2	0.01	-
13	(HU)	Hungary	-	148	-	-	-	148	5	-	-	5	58	0.35	0.50
14	(IE)	Ireland	46	-	-	-	-	46	-	-	-	-	-	-	1.50
15	(IT)	Italy	-	194	-	-	-	194	14	-	-	14	170	1.04	0.00
16	(JE)	Jersey	27	7	-	-	-	34	-	-	-	-	6	0.04	-
17	(KY)	Cayman Islands	5	-	-	-	-	5	-	-	-	-	-	-	-
18	(LI)	Lichtenstein	4	-	-	-	-	4	-	-	-	-	2	0.01	0.00
19	(LU)	Luxembourg	208	52	-	-	-	260	17	-	-	17	219	1.34	0.50
20	(NL)	Liechtenstein	21	1,183	-	-	-	1,204	46	-	-	46	571	3.50	2.00

			a	b	c	d	e	f	g	h	i	j	k	l	m
			General credit exposures		**Relevant credit exposures – Market risk**		**Securitisation exposures**	**Total exposure value [1]**	**Own 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	(OM)	Oman	20	-	-	-	-	20	-	-	-	-	-	-	-
22	(PL)	Poland	138	1,886	-	-	-	2,024	83	-	-	83	1,037	6.35	0.00
23	(RO)	Romania	-	91	-	-	-	91	6	-	-	6	80	0.49	1.00
24	(SE)	Sweden	-	1,178	-	-	-	1,178	55	-	-	55	688	4.22	2.00
24	(SI)	Slovenia	-	50	-	-	-	50	1	-	-	1	16	0.10	1.00
26	(SK)	Slovakia	-	89	-	-	-	89	4	-	-	4	46	0.28	1.50
27	(US)	United States of America	19	3,632	-	-	-	3,651	172	-	-	172	2,151	13.18	0.00
20	**Total**		**6,933**	**22,747**	**0**	**0**	**0**	**29,681**	**1,306**	**0**	**0**	**1,306**	**16,321**	**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 (RWAs).

[3] The weighting applied to the countercyclical capital buffer rate 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 according to the European Systemic Risk Board (ESRB) or the Bank for International Settlements (BIS).

[5] Country: Place of residence 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.

Own funds requirements and RWA

This section provides information on the pbb Group's capital requirements and risk-weighted assets (RWA) in accordance with Article 438 CRR. As the parent company of the group of institutions within the meaning of Section 10a of the German Banking Act (KWG) in conjunction with Article 11 et seq. of the CRR, pbb is responsible for compliance with the capital requirements on a consolidated basis (supervisory consolidation group).

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 CRR/CRD regulations form the basis for the minimum amount of own funds and the determination of own funds requirements. To comply with capital requirements, credit risk (credit risk, counterparty credit risk, CVA risk), market risk, operational risk and settlement risk must be backed by capital. The regulatory ratios are determined on the basis of IFRS accounting standards.

Credit risk (excluding counterparty credit risk)

As at the disclosure date, the pbb Group uses two approaches to determine the capital requirements for the credit risk of a risk position. These are the Foundation Internal Ratings Based Approach (F-IRBA) based on internal bank rating procedures in accordance with Articles 142 et seq. CRR for the majority of commercial real estate financing and the Standardised Approach (KSA) in accordance with Articles 111 et seq. CRR for the remaining risk positions.

Counterparty credit risk

To calculate the capital 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 Group does not currently use its own internal models (Internal Model Method, IMM).

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

The pbb Group applies the risk-sensitive approach in accordance with Article 308 CRR to calculate the capital requirements for contributions to the default fund of a qualified central counterparty.

CVA risk

To calculate the additional capital requirement for OTC derivatives for the risk of credit valuation adjustment (CVA risk) in accordance with Part 3, Title VI of the CRR, the pbb Group uses the reduced basic approach (R-BA) in accordance with Article 384 CRR.

Settlement risk

The calculation of capital requirements for settlement and front-running risk in accordance with Part 3, Title V of the CRR is carried out in accordance with the rules defined in Articles 378 and 379 CRR.

Securitisations

As at the disclosure date, the pbb Group still had no risk positions from securitisations in its portfolio.

Market risk

Until the introduction of the Fundamental Review of the Trading Book (FRTB) framework, the pbb Group calculates its own funds requirements for market risk in accordance with Part 3, Title IV of the CRR using the standardised approach in accordance with the CRR II regulations in conjunction with the DVO (EU) 2021/637. The Group does not use its own internal models (Internal Models Approach, IMA). The European Commission has postponed the introduction of the FRTB framework and thus also the new market risk disclosure requirements introduced by CRR III in accordance with Articles 445 and 455 CRR until 1 January 2027.

Operational risk

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

Quantitative information on capital requirements and RWA

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

Tables EU CR10.1 to EU CR10.5 pursuant to Article 438(e) CRR are not relevant for the pbb Group. The pbb Group does not use the simple IRBA risk weight for its investments or for specialised financing.

EU OV1: Overview of total risk amounts

		a	b	c
		Total risk exposure amount (TREA) [1]	Total risk exposure amount (TREA) [1]	Total own funds requirement
All figures in € million		30.06.2025	31.03.2025	30.06.2025
1	**Credit risk (excluding counterparty credit risk)**	**16,352**	**16,438**	**1,308**
2	thereof: the standardised approach	3,907	4,160	313
3	thereof: the foundation IRB approach (F-IRBA)	12,445	12,278	996
4	thereof: slotting approach	-	-	-
EU 4a	thereof: equities under the simple risk-weighted approach	-	-	-
5	thereof: the advanced IRB approach (A-IRBA)	-	-	-
6	**Counterparty credit risk**	**156**	**151**	**12**
7	thereof: the standardised approach (SA-CCR) [2]	141	135	11
8	thereof: internal model method (IMM)	-	-	-
EU 8a	thereof: exposures to a CCP [3]	2	3	0.2
9	thereof: other CCR [4]	13	14	1
10	**Credit valuation adjustments risk (CVA risk)**	**149**	**166**	**12**
EU 10a	thereof: standardised approach (SA)	-	-	-
EU 10b	thereof: basic approach (F-BA and R-BA)	149	166	12
EU 10c	thereof: simplified approach	-	-	-
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)**	**125**	**57**	**10**
21	thereof: alternative standardised approach (A-SA)	-	-	-
EU 21a	thereof: simplified standardised approach (S-SA)	125	57	10
22	thereof: alternative internal model approach (A-IMA)	-	-	-
EU 22a	**Large exposures [5]**	**0**	**0**	**0**
23	**Reclassifications between the trading and non-trading books**	**0**	**0**	**0**
24	**Operational risk**	**886**	**886**	**71**
EU 24a	**Exposures to crypto-assets**	**0**	**0**	**0**
25	Amounts below the thresholds for deduction (subject to 250% risk weight) - for information [6]	299	289	24
26	Output floor applied (%)	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	**Total**	**17,668**	**17,699**	**1,413**

[1] Risk-weighted exposure amounts (RWA or total risk exposure amounts, TREA).
[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 are substantially dependent 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 included in line 1 (Credit risk) and line 2 (of which: standard approach).

Risk-weighted exposure amounts

As at the disclosure date, the risk-weighted exposure amounts of the pbb Group across all risk types amounted to €17,668 million (31 March 2025: €17,699 million), representing a total decrease of €31 million in the second quarter of 2025.

Credit risk (€-86 million compared with 31 March 2025, IRB approach and standardised approach) saw an increase in RWA due to new commercial real estate financing business in the second quarter of 2025, which exceeded repayments in this time . In addition, rating downgrades on credit exposures, mainly in real estate financing in the US, led to an increase in RWA. This was offset by netting effects on real estate financing rollovers and currency effects, particularly on the US dollar (USD) and also on the British pound (GBP) and the Swedish krona (SEK).

The increase in counterparty credit risk (€5 million compared with 31 March 2025) is due to the increase in the volume of derivatives (€6 million compared with 31 March 2025), while the volume of securities financing transactions decreased slightly (€1 million compared with 31 March 2025). Exposures to the central counterparty Eurex Clearing remained at the level of the first quarter of 2025 (€1 million compared to 31 March 2025).

In the case of CVA risk for OTC derivatives, which is calculated using the reduced basic approach (R-BA) based on a combination of the counterparty sector and the associated credit rating, changes in the maturity of derivative transactions led to a reduction in RWA (€17 million compared with 31 March 2025).

The increase in market risk (€68 million compared with 31 March 2025) is primarily due to the increase in risk provisions in USD and GBP as well as credit spread changes in USD.

Operational risk remains unchanged compared with 31 March 2025.

Capital requirements

The minimum capital requirement for the above-mentioned risk types remains unchanged at 8.0% of RWA as at 30 June 2025. As at the disclosure date, it totals €1,413 million (31 March 2025: €1,416 million). In line with the pbb Group's business model, whose core business is commercial real estate financing, around 94% of the capital requirement relates to credit risk (credit risk, counterparty credit risk, CVA risk), less than 1% to market risk and around 5% to operational risk.

The total capital requirement – including the capital conservation buffer (CCB) of 2.5%, the institution-specific countercyclical capital buffer (ISCCB) of 0.81%, the sectoral systemic risk buffer (SRP) of 0.07% and the Pillar 2 capital requirement (P2R) of 3.25% – amounts to 14.63% (EU KM1, line EU 11a). As at the disclosure date, it amounts to €2,585 million (31 March 2025: €2,600 million).

Excess capital

The excess capital (available capital minus the minimum capital requirement in accordance with EU OV1) amounts to €1,773 million as of the disclosure date (31 March 2025: €1,907 million).

Total risk amount taking into account the output floor

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

Accordingly, the application of the own funds floor (50% from 1 January 2025 to 31 December 2025) has no impact on the pbb Group's calculation of risk-weighted exposure amounts or own funds. The pbb Group has not made use of the transitional provisions pursuant to Article 465 CRR "Transitional provisions for the output floor" for calculating the output floor risk exposure amounts.

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

		a	b	c	d	EU d
		Risk weighted exposure amounts (RWA)				
All figures in € million		RWA for modelled approaches that banks have supervisory approval to use 1)	RWA for portfolios where standardised approaches are used 2)	Total actual RWA (3)) (a + b)	RWA calculated using full standardised approach 4)	RWA that is the basis of the output floor 5)
1	Credit risk (excluding counterparty credit risk)	12,445	3,907	16,352	16,810	16,810
2	Counterparty credit risk	79	77	156	149	149
3	Credit valuation adjustment	———	149	149	149	149
4	Securitisation exposures in the banking book	-	-	-	-	-
5	Market risk	-	125	125	125	125
6	Operational risk	———	886	886	886	886
7	Other risk-weighted exposure amounts	———	-	-	-	-
8	**Total**	**12,524**	**5,144**	**17,668**	**18,119**	**18,119**

1) Risk-weighted assets (RWA) calculated using internal models approved by the competent authority.

2 Risk-weighted exposure amounts (RWA) calculated according to standardised approaches.

3) Sum of columns a and b; the RWA in row 8, column c corresponds to the amount before adjustment in accordance with the output floor.

4) Standardised total risk exposure amount (S-TREA) without applying the transitional provisions of Article 465 CRR. The total amount shown in row 8, column d forms the basis for calculating the output floor at the end of the transitional period.

5) Standardised Total Risk Exposure Amount (S-TREA) after application of the transitional provisions of Article 465 CRR. The total amount shown in row 8, column EU d forms the basis for calculating the output floor on the disclosure date.

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

All figures in € million		a	b	c	d	EU d
		Risk weighted exposure amounts (RWA)				
		RWA for modelled approaches that institutions have supervisory approval to use 1)	RWA for column (a) if re-computed using the standardised approach 2)	Total actual RWA (3))	RWA calculated using full standardised approach 4)	RWA that is the basis of the output floor 5)
1	Central governments and central banks	-	-	1	1	1
EU 1a	Regional governments or local authorities	-	-	66	66	66
EU 1b	Public sector entities	-	-	44	44	44
EU 1c	Categorised as Multilateral Development Banks in SA	-	-	-	-	-
EU 1d	Categorised as International organisations in SA	-	-	-	-	-
2	Institutions	-	-	10	10	10
3	Equity	-	-	5	5	5
5	Corporates	279	211	312	244	244
5.1	thereof: F-IRB is applied 6)	12,445	12,903	12,445	12,903	12,903
5.2	thereof: A-IRB is applied	-	-	-	-	-
EU 5a	thereof: Corporates - General 6)	279	211	312	244	244
EU 5b	thereof: Corporates - Specialised lending 6)	-	-	-	-	-
EU 5c	thereof: Corporates - Purchased receivables	-	-	-	-	-
6	Retail	-	-	-	-	-
6.1	thereof: Retail - Qualifying revolving	-	-	-	-	-
EU 6.1a	thereof: Retail - Purchased receivables	-	-	-	-	-
EU 6.1b	thereof: Retail - Other	-	-	-	-	-
6.2	thereof: Retail - Secured by residential real estate	-	-	-	-	-
EU 7a	Categorised as secured by immovable properties and ADC exposures in SA	12,166	11,429	15,033	14,296	14,296
EU 7b	Collective investment undertakings (CIU)	-	-	12	12	12
EU 7c	Categorised as exposures in default in SA	-	1,263	469	1,732	1,732
EU 7d	Categorised as subordinated debt exposures in SA	-	-	-	-	-
EU 7e	Categorised as covered bonds in SA	-	-	32	32	32
EU 7f	Categorised as claims on institutions and corporates with a short-term credit assessment in SA	-	-	-	-	-
8	Other non-credit obligation assets	-	-	368	368	368
9	**Total**	**12,445**	**12,903**	**16,352**	**16,810**	**16,810**

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

Capital ratios

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

Regulatory minimum capital ratios

The CRR/CRD form the basis for determining regulatory capital adequacy and minimum capital ratios. According to these regulations, the Common Equity Tier 1 ratio (CET1 ratio: Common Equity Tier 1 divided by RWA) must not fall below 4.5%, the Tier 1 ratio (T1 ratio: Tier 1 divided by RWA) must not fall below 6.0% and the total capital ratio (own funds ratio: own funds divided by RWA) must not fall below 8.0%. As the parent company of the group of institutions within the meaning of Section 10a of the German Banking Act (KWG) in conjunction with Article 11 et seq. of the CRR, pbb is responsible for ensuring compliance with these capital ratios on a consolidated basis.

The pbb Group met these requirements at all times in the first half of 2025. As at 30 June 2025, the capital ratios (see EU CC1, lines 61 to 63) were as follows:

> Common Equity Tier 1 ratio (CET1 ratio): 15.3% (31 December 2024: 14.4%)
> Common Equity Tier 1 ratio: 17.0% (31 December 2024: 15.9%)
> Total capital ratio (own funds ratio): 18.0%. (31 December 2024: 17.2%).

The increase in capital ratios compared with the end of 2024 is due to the significant decline in risk-weighted exposure amounts (RWA: €-2,962 million compared with 31 December 2024) and the minor change in regulatory capital during this period (capital: €-358 million compared to 31 December 2024).

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

SREP

The pbb Group complied with the minimum capital requirements of the ECB's Supervisory Review and Evaluation Process (SREP) at all times in the first half of 2025, which exceed the existing regulatory requirements.

The aim of the SREP is to conduct a comprehensive analysis of the institutions supervised by the ECB. This includes an assessment of the business model, risk and corporate governance, the risk situation and capital and liquidity adequacy. Based on the results of the analysis and benchmark comparisons, the ECB may impose requirements on the institution's minimum capital or liquidity that go beyond the existing supervisory requirements.

CET1 minimum ratio

The Pillar 2 capital requirement (P2R) applicable to pbb since 1 January 2025 is 3.25%. This means that pbb has had to maintain a minimum CET1 ratio of 8.8% since that date (excluding the countercyclical capital buffer, which varies from country to country and therefore from portfolio to portfolio, and excluding the sectoral systemic risk buffer). In addition to the Pillar 2 capital requirement (3.25%), this requirement comprises the Pillar 1 minimum capital requirement (4.5%) and the capital conservation buffer (2.5%), with the Pillar 2 capital requirement accounting for around 1.8% (56.25% of P2R) must be held in common equity tier 1 (CET1) capital and around 2.4% (75.00% of P2R) in tier 1 capital.

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

Total capital requirement

In addition to the CET1 minimum ratio, pbb has had to meet a total capital requirement of 13.75% since 1 January 2025 (excluding the countercyclical capital buffer, which varies from country to country and therefore from portfolio to portfolio, and the sectoral systemic risk buffer). This consists of the Pillar 1 minimum capital requirement (8.0%), the capital conservation buffer (2.5%) and the Pillar 2 capital requirement (3.25%).

Leverage ratio

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

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

Institutions must comply with a minimum leverage ratio of 3% at all times in accordance with Article 92(1) CRR. The pbb Group complied with this requirement at all times in the first half of 2025.

Total risk exposure measure

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

Balance sheet risk exposures

The risk exposure values of the leverage ratio for assets (excluding derivative and securities financing transactions) generally comprise the carrying amount of the respective positions, adjusted for regulatory adjustments for positions that are deducted when determining regulatory core capital (Tier 1).

Derivatives

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

Securities financing transactions

The exposure values of the leverage ratio for securities financing transactions ( ) are generally based on the carrying amount of the respective positions. However, receivables and liabilities arising from securities financing transactions with the same counterparty may be offset (bilateral netting agreements) provided that certain conditions specified in the CRR are met. The exposure values for securities financing transactions include a net receivable from the counterparty. In addition to the (balance sheet) exposure value of securities financing transactions, a premium for the counterparty credit risk arising from these transactions is taken into account at the netting set or transaction level.

Off-balance sheet exposures

The exposure values of the leverage ratio for off-balance sheet positions are based on the nominal value of the positions, adjusted for regulatory adjustments for positions that are deducted when determining regulatory core capital (Tier 1), and take into account the credit conversion factors (CCF) from the credit risk standardised approach (KSA) depending on the risk category (sub-class).

Quantitative information on the leverage ratio

The following tables EU LR1-LRSum, EU LR2-LRCom and EU LR3-LRSpl in accordance with Article 451(1)(a) to (c) CRR and Article 451(2) and (3) CRR show a breakdown of the total risk exposure measure, a reconciliation of this measure with the assets in the published pbb Group balance sheet and the leverage ratio for the pbb Group.

The leverage ratio for the pbb Group was 7.3% as at the disclosure date (31 December 2024: 7.5%), which is well above the minimum requirement. The slight decrease in the first half of 2025 is due to the significant decline in the total risk exposure measure (€-2,692 million compared with 31 December 2024), primarily due to the reduction in on-balance sheet risk exposures, and to a lesser extent to the change in regulatory core capital during this period (€-273 million, T1).

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

EU LR1-LRSum: Summary reconciliation between balance sheet assets and risk exposures for the leverage ratio

All figures in € million		a Applicable amount
1	**Total assets as per published financial statements [1)]**	**42,356**
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 transfer)	-
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]	-340
9	Adjustment for securities financing transactions (SFTs) [4)]	91.0
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) [5]	483
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) 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)]	-1,619
13	**Leverage ratio total exposure measure**	**40,971**

[1)] Line 1: Total assets (balance sheet total) of the pbb consolidated financial statements (IFRS).
[2)] Line 2: There are no differences between the regulatory consolidation scope and the accounting consolidation scope for the pbb consolidated financial statements (IFRS) there are no differences as at the disclosure date.
[3)] Line 8: Difference between the carrying amount (IFRS) of the derivatives and the regulatory exposure value (EaD).
[4)] Line 9: Difference between the carrying amount (IFRS) of securities financing transactions and the regulatory exposure value (EaD).
[5)] Line 10: Addition of off-balance sheet exposures after taking into account the credit conversion factors (CCF) from the credit risk standardised approach (KSA).
[6)] Line 12: Other adjustments primarily include cash collateral provided by pbb in derivative transactions.

EU LR2-LRCom: Uniform disclosure of the leverage ratio

		a	b
		CRR leverage ratio exposures	CRR leverage ratio exposures
All figures in € million, unless otherwise stated		30.06.2025	31.12.2024
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	40,934	43,451
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)	-748	-850
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)	-139	-96
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**40,047**	**42,506**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	102	34
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	248	251
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**	**350**	**286**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0	414
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	-407
16	Counterparty credit risk exposure for SFT assets	91	94
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**	**91**	**100**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	1,214	1,564
20	(Adjustments for conversion to credit equivalent amounts)	-731	-792
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet exposures**	**483**	**772**
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) and point (ca) 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** **30.06.2025**	b **CRR leverage ratio exposures** **31.12.2024**
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD-related services of CSDs/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	(Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)	-	-
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	-	-
EU-22m	**(Total exempted exposures)**	**0**	**0**
Capital and total exposure measure			
23	**Tier 1 capital**	**2,998**	**3,271**
24	**Leverage ratio total exposure measure**	**40,971**	**43,663**
Leverage ratio			
25	**Leverage ratio**	**7.3**	**7.5**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.3	7.5
25	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.3	7.5
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	thereof: 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)	8	4
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)	0	6
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)	40,979	43,661
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)	40,979	43,661
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) (%)	7.3	7.5
31	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) (%)	7.3	7.5

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

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

EU LR3-LRSpl: Breakdown of on-balance sheet exposures (excluding derivatives, SFTs and exempt 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:**	**40,186**
EU-2	Trading book exposures [1]	-
EU-3	Banking book exposures, of which:	40,186
EU-4	Covered bonds	317
EU-5	Exposures treated as sovereigns	6,597
EU-6	Exposures to regional governments, MDBs, international organisations and PSEs not treated as sovereigns	4,874
EU-7	Institutions	627
EU-8	Secured by mortgages on immovable property	22,716
EU-9	Retail exposures	-
EU-10	Corporate	3,514
EU-11	Exposures in default	1,316
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	226

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

Procedures for monitoring the risk of excessive indebtedness

In line with its business structure and business model as well as its business and risk strategy, the pbb Group has implemented formal procedures and regulations to assess the risk of excessive debt. In particular, as part of the restructuring plan (in accordance with the Restructuring and Resolution Act, SAG), the pbb Group has defined a set of selected indicators tailored to its business and risk situation, which enables it to identify and implement appropriate courses of action in a timely manner. In addition to the leverage ratio and capital ratios, these indicators also include indicators of liquidity (which include, among other things, asset encumbrance and medium- and long-term refinancing requirements (NSFR)), profitability and portfolio quality, as well as market-based and macroeconomic indicators.

The leverage ratio is calculated monthly and, like the other indicators, is an integral part of the pbb Group's risk management system. Both the leverage ratio and the other indicators are assigned an early warning threshold and a restructuring threshold so that any fall below these thresholds can be identified at an early stage. Falling below the early warning threshold is intended to enable the pbb Group to take appropriate countermeasures in a timely manner. The status of all indicators is monitored regularly and reported to the Management Board, the Supervisory Board and the banking supervisory authority. The ongoing monitoring of the leverage ratio includes both its numerator (core capital) and its denominator (total risk exposure measure). The pbb Management Board is informed about the leverage ratio on a monthly basis in the flash report and on a quarterly basis in the management report and the restructuring plan report. The leverage ratio is also included in the pbb Group's capital and multi-year planning.

Credit risk

Credit risk (credit risk, counterparty credit risk, CVA risk) generally refers to the risk of an unexpected default or decline in the market value of a receivable (loan or bond) or a derivative (alternatively, an entire portfolio of receivables or derivatives) resulting from a deterioration in the collateral value or credit rating of a country or counterparty. Credit risk comprises default risk, migration risk, realisation risk in the event of customer default, transfer and conversion risk, tenant risk, performance risk, rollover risk and concentration risk, as defined in the pbb Group's risk strategy.

Credit risk

This section provides information in accordance with Article 442 CRR on credit risk, in particular on loans and credits, securities/debt securities and off-balance sheet exposures, their credit quality and credit risk adjustments. This includes both exposures for which the pbb Group calculates risk-weighted exposure amounts using the IRB approach (F-IRBA) and those for which it uses the standardised approach (KSA).

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

Loan portfolio

The following tables EU CR1, EU CR1-A and EU CR2 in accordance with Article 442(c), (f) and (g) CRR show information on performing and non-performing/defaulted credit risk positions, on the value adjustments and provisions formed 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 2025, including balances with central banks and sight deposits (EU CR1, line 005), totalled €43,563 million (31 December 2024: €45,467 million). Of this €43.6 billion, €35,972 million relates to loans and advances and €3,482 million to debt securities, while €1,271 million relates to off-balance sheet risk positions such as loan commitments and financial guarantees.

Overall, on-balance-sheet and off-balance-sheet credit risk positions declined in the first half of 2025 (€-1,904 million compared with 31 December 2024). Further information on the performance of the respective assets is provided in the pbb Group's interim report for 2025 (published on the pbb website), including in the note "Financial position" (page 9).

Non-performing exposures

The portfolio (based on gross carrying amounts) of non-performing loans and credits amounted to €2,022.020 million as at the disclosure date (31 December 2024: €1,893.000 million), representing an increase of €129.000 million in the first half of 2025. In commercial real estate finance (REF), loans were transferred to the unit responsible for restructuring (EU CR2, line 020); these were loans for an office property and a residential property in the USA and one office property each in France and Germany. , this was offset by repayments of financing (EU CR2, lines 030 and 050), including several financing transactions in Germany (mainly development financing) and one financing transaction each in the Netherlands and the USA.

Level 3 value adjustments on non-performing loans and credits of €2,022 million amounted to €602 million, with collateral and financial guarantees received for this purpose amounting to €1,277 million.

NPL ratio and risk provisioning

Against the backdrop of the planned withdrawal from the US market, the risk provisioning result was significantly more negative than at the end of 2024, at €-323 million. The additions were attributable to financing without indicators of impaired creditworthiness (value adjustment levels 1 and 2) and with indicators of impaired creditworthiness (value adjustment level 3). The impairments related in particular to real estate financing in the United States. Additions to risk provisions for financial assets in stages 1 and 2 amounted to €70 million. Of the €253 million in additions to risk provisions for financial assets in stage 3, €219 million related to real estate financing in the United States. This was mainly due to the adjustment of the scenarios used to measure risk provisions in view of the planned withdrawal from the US market. Assumptions for the proceeds from the planned short-term disposal through the sale of non-performing loans were taken into account. A smaller portion of the additions (€34 million) resulted from a few real estate financing transactions in Europe.

The NPL ratio (non-performing loan) based on gross carrying amounts – which only takes into account loans and advances, but not bonds and off-balance sheet exposures (such as irrevocable loan commitments), loans and credits held for sale, or balances with central banks or other demand deposits – amounted to 5.6% as at the disclosure date (31 December 2024: 5.1%).

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount [1]						**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**						**Accumulated partial write-off**	**Collateral and financial guarantees received [2]**	
		Performing exposures			**Non-performing exposures**			**Performing exposures – accumulated impairment and provisions**			**Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**				**On performing exposures**	**On performing exposures**
All figures in £ million			**of which: 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	2,839	2,839	-	-	-	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	**33,950**	**27,887**	**5,477**	**2,022**	**0**	**1,752**	**-182**	**-27**	**-155**	**-714**	**0**	**-602**	**0**	**27,026**	**1,277**
020	Central banks [3]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	5,961	5,830	-	-	-	-	-	-	-	-	-	-	-	47	-
040	Credit institutions	844	844	-	-	-	-	-	-	-	-	-	-	-	546	-
050	Other financial corporations	1,024	1,021	3	-	-	-	-1	-1	-	-	-	-	-	997	-
060	Non-financial corporations	26,120	20,190	5,474	2,022	-	1,752	-180	-26	-155	-714	-	-602	-	25,435	1,276
070	thereof: SMEs	14,975	10,183	4,561	1,428	-	1,262	-146	-14	-131	-527	-	-449	-	14,737	883
080	Households	1	1	-	-	-	-	-	-	-	-	-	-	-	1	-
090	**Debt securities**	**3,482**	**3,351**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**779**	**0**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	2,271	2,184	-	-	-	-	-	-	-	-	-	-	-	255	-
120	Credit institutions	1,181	1,140	-	-	-	-	-	-	-	-	-	-	-	524	-
130	Other financial corporations	30	27	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance sheet exposures**	**1,134**	**888**	**190**	**136**	**0**	**136**	**-3**	**-1**	**-2**	**0**	**0**	**0**	—	**995**	**117**
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	—	-	-
170	General governments	122	71	-	-	-	-	-	-	-	-	-	-	—	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	—	-	-
190	Other financial corporations	40	35	-	-	-	-	-	-	-	-	-	-	—	35	-
200	Non-financial corporations	973	783	190	136	-	136	-3	-1	-2	-	-	-	—	960	117
210	Households	-	-	-	-	-	-	-	-	-	-	-	-	—	-	-
220	**Total [4]**	**41,405**	**34,965**	**5,667**	**2,158**	**0**	**1,889**	**-185**	**-28**	**-157**	**-714**	**0**	**-602**	**0**	**28,800**	**1,393**

[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 write-offs, before application of credit risk mitigation techniques and before credit conversion factors (CCF).

[2] The value of the collateral and guarantees reported is limited to the book value (nominal value for off-balance sheet items) of the secured/guaranteed exposures.

[3] The classification of a counterparty according to the FINREP sectors is based on the direct counterparty (such as the direct borrower, counterparty or issuer of the securities) or, in the case of exposures incurred jointly by several debtors, the most significant or dominant debtor.

[4] Including consideration of "balances with central banks and sight deposits" reported in row 005.

EU CR1-A: Residual maturity of exposures

All figures in € million		a	b	c	d	e	f
		Net exposure value [1]					
		On demand [2]	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity [3]	Total
010	Loans and advances [4]	738	6,012	18,836	9,490	-	35,076
020	Debt securities	-	403	1,903	1,175	-	3,481
030	**Total**	**738**	**6,415**	**20,739**	**10,666**	**0**	**38,558**

[1] Net value of the risk position: gross carrying amount after deduction of value adjustments on financial assets and after write-downs, but before applying credit risk mitigation techniques. Off-balance sheet items are not included in EU CR1-A.
[2] The counterparty has the option of choosing when the exposure is repaid (such as short-term balance claims or similar).
[3] The exposure does not have a fixed maturity for reasons other than the counterparty's ability to choose the repayment date.
[4] In accordance with the Pillar 3 framework, Annex XVI, loans and advances held for sale, balances with central banks and demand deposits are excluded.

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

All figures in € million		a
		Gross carrying amount [1]
010	**Initial stock of non-performing loans and advances [2]**	**1,893**
020	Inflows to non-performing portfolios [3]	1,457
030	Outflows from non-performing portfolios [4]	-156
040	Outflows due to write-offs	-10
050	Outflow due to other situations [5]	-1,162
060	**Final stock of non-performing loans and advances [6]**	**2,022**

[1] Gross carrying amount (nominal value for off-balance sheet items) of defaulted on-balance sheet and off-balance sheet exposures before deduction of value adjustments on financial assets and provisions in the lending business, but after write-offs, before applying 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 advances that have regained their "not defaulted" status as at the disclosure date, i.e. are no longer classified as defaulted/non-performing.
[5] Other reductions in the book value of loans and credits that are not write-offs. Namely, a balancing item consisting of increases from restructuring management during the disclosure period less repayments/redemptions, settlements/restructurings, etc., taking currency effects into account.
[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(c) and (e) CRR show information on the credit quality of on-balance sheet and off-balance sheet credit risk positions. Among other things, they provide information on forborne (restructured) exposures, non-performing and defaulted exposures, and related credit risk adjustments. In addition, the tables contain information on collateral and financial guarantees received and show breakdowns by counterparty, geographical area (country) and economic sector (NACE code).

Defaulted and non-defaulted risk positions

The gross carrying amounts of the balance sheet (loans and advances, debentures, balances with central banks and demand deposits) and off-balance sheet credit risk positions (such as irrevocable credit commitments) totalled €43,563 million as at the disclosure date. Of this amount, €41,405 million or around 95% relates to risk positions that are serviced in accordance with the terms of the contract.

The defaulted risk positions (loans and credits as well as off-balance sheet credit risk positions) amounted to €2,158 million. A stage 3 value adjustment of €602 million has already been made on the defaulted loans and credits, and the collateral and financial guarantees received for this amount to €1,277 million.

An exposure in the IRB approach and in the standardised approach is considered "defaulted" if there is a debtor 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 significant arrears/overdrafts or if it is unlikely that the borrower will meet its payment obligations in full. A debtor's exposures that meet one or more default criteria are assigned a PD class with a probability of default (PD) of 100%.

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

Non-defaulted exposures are exposures that are considered not 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 exposures

The pbb Group considers all exposures for which a default is deemed to have occurred in accordance with Article 178 CRR to be "non-performing". In this respect, the above-mentioned defaulted receivables amounting to €2,158 million are also considered "non-performing" exposures.

An exposure is considered "non-performing" if one of the following criteria is met: they are significant exposures that are more than 90 days past due, or they are exposures where it is considered unlikely that the debtor will repay the full amount of its liabilities without realisation of collateral, regardless of whether payments are already past due and regardless of the number of days past due.

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

Impaired exposures

An exposure is considered "impaired" if a stage 3 impairment loss has been recognised in accordance with the accounting standards applied by the pbb Group, the International Financial Reporting Standards (IFRS). 's Level 3 impairment losses amounted to €602 million as at the disclosure date (31 December 2024: €411 million), while the gross carrying amount of impaired exposures (loans and advances) amounted to €2,022 million.

The pbb Group considers all exposures for which an impairment (level 3 impairment allowance) has been identified in accordance with IFRS accounting rules to be "non-performing".

The regulations and methods for impairment under IFRS 9 are described in the disclosure report as at 31 December 2024 (chapter "Credit risk", section "Credit risk adjustments", page 110 ff.).

Past due exposures

For both accounting and regulatory purposes, a risk position is classified as "past due" if the debtor has failed to meet its contractual interest or principal payments on time.

Credit risk positions (loans and credits) that were partially or fully past due as of the disclosure date totalled €2,131 million (31 December 2024: €2,077 million, gross carrying amount), of which €819 million (31 December 2024: €990 million) are more than 90 days past due (and non-performing). These risk positions that are more than 90 days past due are also considered impaired.

Forborne (restructured) exposures

On the disclosure date, on-balance-sheet and off-balance-sheet exposures subject to forbearance measures totalled €4,735 million (31 December 2024: €4,210 million), of which €2,826 million are considered to be performing and €1,910 million are considered to be non-performing. Value adjustments of €628 million have already been made on the non-performing, forborne risk positions. The collateral and financial guarantees received for risk positions with forbearance measures amount to €3,971 million, of which €1,234 million relates to non-performing, forborne risk positions.

If a borrower is experiencing financial difficulties, the pbb Group restructures loans that are at risk of default, provided that the respective loan commitment has a positive going concern prognosis. This is done by amending the underlying contractual relationships by means of unilateral or mutual declarations of intent. Restructuring agreements are intended to increase the chances of realising the outstanding receivables or at least reducing the default risk of the exposure. They usually include standstill agreements, term extensions, changed interest payment/repayment dates or even the suspension of contractual agreements (e.g. financial covenants) so that the borrower can once again meet their contractual payment obligations. The credit risk of restructured loans is managed by the Group's credit risk management units.

Write-offs

A financial asset may have to be written off using a previously recognised impairment loss if, based on a reasonable assessment, it is no longer 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/insolvency). In justified individual cases, attempts are made to recover the residual claim in full or at least in part by means of enforcement measures.

In the first half of 2025, the pbb Group recognised write-downs on financial assets (use of value adjustments) in the amount of €72 million (2024: €250 million).

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**		**thereof: 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**	**2,706**	**1,791**	**1,791**	**1,522**	**-49**	**-628**	**3,754**	**1,132**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	2,706	1,791	1,791	1,522	-49	-628	3,754	1,132
070	Households	-	-	-	-	-	-	-	-
080	**Debt Securities**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
090	**Loan commitments given**	**119**	**118**	**118**	**118**	**-**	**0**	**217**	**102**
100	**Total**	**2,826**	**1,910**	**1,910**	**1,640**	**-51**	**-628**	**3,971**	**1,234**

[1)] Gross carrying amount (nominal value for loan commitments granted) before deduction of value adjustments on financial assets and provisions in the lending business, but after write-offs, before application of credit risk mitigation techniques and before credit conversion factors (CCF).
[2)] The value of the collateral and guarantees reported is limited to the book value (nominal value for credit commitments granted) of the secured/guaranteed deferred exposures.
[3)] Exposures subject to forbearance measures in accordance with Article 47b CRR may be classified as performing or non-performing, depending on whether they meet the conditions for "non-performing exposures" set out in Article 47a CRR.

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

All figures in £ million			a	b	c	d	e	f	g
			Gross carrying/nominal amount 1)				Accumulated impairment 3)	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures 4)
				thereof: non-performing		thereof: subject to impairment 2)			
					thereof: defaulted				
010	**On-balance-sheet exposures 5)**		**39,454**	**2,022**	**2,022**	**38,467**	**-784**	—	**-112**
1	(DE)	Germany	12,679	601	601	12,206	-132	—	-
2	(FR)	France	5,675	89	89	5,665	-21	—	-
3	(AT)	Austria	3,732	-	-	3,730	-	—	-
4	(US)	United States of America	3,697	968	968	3,525	-428	—	-101
5	(LU)	Luxembourg	3,540	180	180	3,477	-102	—	-3
6	(PL)	Poland	1,773	78	78	1,748	-2	—	-9
7	(ES)	Spain	1,368	-	-	1,368	-3	—	-
8	(SE)	Sweden	1,223	-	-	1,108	-	—	-
9	(NL)	Netherlands	1,153	-	-	1,153	-	—	-
10	(GB)	United Kingdom	791	-	-	791	-3	—	-
11		Other countries 6	3,822	107	107	3,696	-87	—	-
020	**Off-balance sheet exposures 5**		**1,271**	**136**	**136**	—	—	**-3**	—
1	(DE)	Germany	688	106	106	—	—	-1	—
2	(US)	United States of America	133	30	30	—	—	-1	—
3	(LU)	Luxembourg	116	-	-	—	—	-	—
4	(FR)	France	98	-	-	—	—	-	—
5	(CZ)	Czech Republic	85	-	-	—	—	-	—
6	(GB)	United Kingdom	43	-	-	—	—	-	—
7	(PL)	Poland	41	-	-	—	—	-	—
8	(ES)	Spain	33	-	-	—	—	-	—
9		Other countries 7)	34	-	-	—	—	-	—
030	**Total**		**40,725**	**2,158**	**2,158**	**38,467**	**-784**	**-3**	**-112**

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 write-offs, before applying credit risk mitigation techniques and before credit conversion factors (CCF).

2) Impairment according to the three impairment levels of IFRS 9.

3) Value adjustments (levels 1 to 3) on financial assets at amortised cost.

4) Accumulated negative changes in fair value due to credit risk; for financial assets measured at fair value through profit or loss, an impairment loss is implied in the fair value.

5) The regional allocation of risk exposures to a country is based on the country of residence of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities).

6) Balance sheet credit risk positions: For reasons of materiality, the pbb Group does not disclose all countries individually in accordance with the Pillar 3 framework, Appendix XVI.
The line "Other countries" summarises other countries whose share of balance sheet credit risk positions is less than 2% in each case: Bangladesh, Belgium, Bermuda, Switzerland, Cameroon, Finland, Czech Republic, Italy, Ghana, Ireland, Jersey, Cayman Islands, Liechtenstein, Latvia, Oman, Portugal, Romania, Slovenia, Slovakia, Hungary and British Virgin Islands.
In addition, the line "Other countries" includes risk exposures to supranational organisations. In accordance with the Pillar 3 framework, Appendix XVI, these are not allocated to the institution's country of domicile, but to this category.

7) Off-balance sheet exposures: For reasons of materiality, the pbb Group does not disclose all countries individually in accordance with the Pillar 3 framework, Appendix XVI.
The line "Other countries" summarises other countries whose share of off-balance sheet credit risk positions is less than 2% in each case: Sweden, Finland, Jersey, Netherlands.

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

		a	b	c	d	e	f
		Gross carrying amount [1]				**Accumulated impairment**	**Accumulated negative changes in fair value due to credit risk on non-performing exposures**
			thereof: non-performing		**thereof: loans and advances subject to impairment**		
All figures in £ million				**thereof: defaulted**			
010	Agriculture, forestry and fishing [2] [3]	-	-	-	-	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	20	-	-	20	-	-
040	Electricity, gas, steam and air conditioning supply	17	-	-	17	-	-
050	Water supply	51	-	-	51	-	-
060	Construction	204	-	-	123	-	-
070	Wholesale and retail trade	-	-	-	-	-	-
080	Transport and storage	25	-	-	25	-	-
090	Accommodation and food service activities	55	-	-	55	-	-
100	Information and communication	-	-	-	-	-	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	27,185	2,022	2,022	26,539	-782	-112
130	Professional, scientific and technical activities	81	-	-	81	-	-
140	Administrative and support service activities	47	-	-	47	-	-
150	Public administration and defence, compulsory social security	-	-	-	-	-	-
160	Education	64	-	-	64	-	-
170	Human health services and social work activities	392	-	-	392	-	-
180	Arts, entertainment and recreation	-	-	-	-	-	-
190	Other services	1	-	-	1	-	-
200	**Total**	**28,142**	**2,022**	**2,022**	**27,416**	**-782**	**-112**

[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 write-offs, before the application of credit risk mitigation techniques and before credit conversion factors (CCF).

[2] 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 relevant or most significant debtor. The NACE codes correspond to the NACE Regulation: Statistical Classification of Economic Activities in the European Community.

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

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

EU CQ7: Collateral obtained through repossession and enforcement proceedings

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition[1]	Accumulated negative changes [2]
All figures in € million			
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	13	-12
030	Residential immovable property	-	-
040	Commercial immovable property	13	-12
050	Movable property (car, shipping, etc.)	-	-
060	Equity and debt instruments	-	-
070	Other collateral	-	-
080	**Total [3]**	**13**	**-12**

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

In January 2024, pbb acquired 21.74% of the shares in 161 North Clark Holdco LLC, New York City, USA, through its own consolidated subsidiary Niagara Asset Management LLC, Atlanta, USA, as part of a rescue acquisition carried out with consortium partners. The pbb Group accounts for its shares in 161 North Clark Holdco LLC using the equity method and reports them in the balance sheet under "Investments accounted for using the equity method". The carrying amount at initial recognition in the pbb Group balance sheet was €13 million; the carrying amount as at the disclosure date is €1 million.

Credit risk mitigation techniques

This section provides information in accordance with Article 453 CRR on the credit risk mitigation techniques used by the pbb Group for credit risk (resulting from loans and credits, bonds and off-balance sheet exposures) and counterparty credit risk (resulting from derivative and securities financing transactions), as well as the types of collateral used.

The key features of the rules and procedures for the valuation and management of these eligible collateral as well as for the netting used by the pbb Group for regulatory purposes are described in the disclosure report as at 31 December 2024 (chapter "Credit risk mitigation techniques", sections "Valuation and management of eligible collateral" and "On-balance sheet and off-balance sheet netting", page 114 ff.).

Significant collateral in the context of credit risk mitigation

The core business of the pbb Group is commercial real estate finance (REF) with a focus on Pfandbrief-eligible business. As part of credit risk mitigation (credit risk, counterparty credit risk), the pbb Group takes the following significant collateral into account:

- Real estate (real estate liens)
- Guarantees and warranties
- Financial collateral

Land charges (real estate) are particularly important in real estate financing. The pbb Group also accepts sureties and guarantees as well as financial collateral (primarily cash collateral and, in some cases, securities) as collateral. Financial collateral serves as security for the pbb Group in connection with netting agreements for derivative and securities financing transactions (repurchase agreements and securities lending transactions).

The pbb Group did not engage in any hedging transactions with credit derivatives (acquired or sold credit protection) in the first half of 2025, either as a protection buyer or a protection seller.

The guarantors/guarantors are primarily financial institutions and public sector customers. The guarantors have very good credit ratings. Risk Management & Control (RMC) reports regularly on the largest guarantors to the pbb Management Board as part of its risk reporting.

Use of collateral to reduce capital requirements

Real estate collateral is taken into account in determining capital requirements, specifically in determining risk weights for risk positions secured by real estate, in accordance with CRR regulations. In addition to real estate, financing collateral in real estate financing generally also includes rent assignments and the assignment of insurance benefits. This collateral is not taken into account as credit risk mitigation in the context of capital adequacy.

Guarantees and sureties are taken into account as credit risk mitigants using the substitution principle. This means that the lower risk weight of the guarantor/surety is assigned to the secured portion of a claim.

Financial collateral is taken into account as a credit risk mitigation factor when determining exposure values (EaD).

The procedures for accepting collateral are regulated in the pbb Group in internal processing guidelines for each type of collateral. In order to ensure legal enforceability, standardised contracts are generally used, which are continuously reviewed in light of the changing legal environment. A group-wide process has been set up for this purpose to ensure that the enforceability of all CRR-relevant collateral is continuously monitored by a legal monitoring system. 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 EU CR3 table in accordance with Article 453(f) CRR shows the credit risk positions secured by eligible collateral on the basis of the net book value (broken down by loans and credits, 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) or the standardised approach (KSA).

EU CR3: Overview of credit risk mitigation techniques

		a	b	c	d	e
		Unsecured net carrying amount [3]	**Secured net carrying amount ([1] [2])**			
				thereof: secured by collateral [4]	**thereof: secured by financial guarantees**	
All figures in € million						**thereof: secured by credit derivatives**
1	Loans and advances	9,613	28,302	27,212	1,091	-
2	Debt securities	2,702	779	-	779	———
3	**Total**	**12,315**	**29,081**	**27,212**	**1,870**	**-**
4	thereof: non-performing exposures	31	1,277	1,277	-	-
5	thereof: defaulted	31	1,277	———	———	———

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

Credit risk – standardised approach

This section provides the information required under Articles 444(e) and 453(g), (h) and (i) CRR on on-balance sheet and off-balance sheet credit risk exposures for which the pbb Group calculates risk-weighted exposure amounts using the standardised approach (SA).

Application of the standardised approach

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

Effect of credit risk mitigation

In the standardised approach, guarantees and sureties are taken into account as credit risk mitigants through regular substitution of the risk weight. This means that the lower risk weight of the guarantor/surety is assigned to the secured portion of an exposure. This means that the secured portion of an IRBA exposure (e.g. of a company) is reported in the standardised approach with the lower risk weight of the guarantor (e.g. a public-sector entity), or that guaranteed KSA exposures are assigned the lower risk weight and exposure class of the collateral provider. The guarantors/guarantors are primarily financial institutions and public sector clients that are treated in the standardised approach.

Quantitative information on credit risk positions in the standardised approach

The following tables EU CR4 and EU CR5 in accordance with Articles 444(e) and 453(g), h and i of the CRR show 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 (credit conversion factor, CCF) and eligible collateral.

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	6,423	-	7,573	-	1	0.01
2	Non-central government public sector entities	4,533	71	4,593	28	110	2.38
EU 2a	Regional governments or local authorities	3,065	71	3,761	28	66	1.74
EU 2b	Public sector entities	1,469	-	831	-	44	5.26
3	Multilateral development banks	340	-	340	-	-	-
EU 3a	International organisations	174	-	174	-	-	-
4	Institutions	627	-	39	1	10	26.03
5	Covered bonds	317	-	317	-	32	10.00
6	Corporates	637	34	24	14	33	88.43
6.1	thereof: specialised lending	-	-	-	-	-	-
7	Subordinated debt exposures and equity	2	-	2	-	5	250.00
EU 7a	Subordinated debt exposures	-	-	-	-	-	-
EU 7b	Equity	2	-	2	-	5	250.00
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	5,162	461	5,162	185	2,867	53.63
9.1	secured by mortgages on residential immovable property - non IPRE	2,075	-	2,075	-	487	23.48
9.2	secured by mortgages on residential immovable property - IPRE	-	-	-	-	-	-
9.3	secured by mortgages on commercial immovable property - non IPRE	2,377	63	2,377	25	1,346	56.04
9.4	secured by mortgages on commercial immovable property - IPRE	208	2	208	1	109	52.08
9.5	Acquisition, Development and Construction (ADC)	502	397	502	159	925	140.05
10	Exposures in default	332	92	332	37	469	127.25
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	30	5	30	2	12	36.81
EU 10c	Other items	194	-	194	-	368	189.28
12	**Total**	**18,771**	**662**	**18,780**	**266**	**3,907**	**20.51**

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

EU CR5: Standardised approach

		a	b	d	e	f	j	k	p	t	u	y	z	aa
	Exposure classes	**Risk weight**											**Total**	**Of which unrated** [2)]
All figures in € million		**0**	**2**	**10**	**20**	**30**	**50**	**60**	**100**	**150**	**250**	**Other**		
1	Central governments or central banks	7,573	-	-	-	-	-	-	1	-	-	-	7,573	7,573
2	Non-central government public sector entities	4,118	-	-	472	-	31	-	-	-	-	-	4,621	-
EU 2a	Regional governments or local authorities	3,481	-	-	294	-	14	-	-	-	-	-	3,789	3.755
EU 2b	Public sector entities	637	-	-	178	-	16	-	-	-	-	-	831	831
3	Multilateral development banks	340	-	-	-	-	-	-	-	-	-	-	340	340
EU 3a	International organisations	174	-	-	-	-	-	-	-	-	-	-	174	-
4	Institutions	-	-	-	16	24	-	-	-	-	-	-	40	-
5	Covered bonds	-	-	317	-	-	-	-	-	-	-	-	317	-
6	Corporates	-	-	-	1	-	-	-	34	2	-	-	37	37
6.1.	thereof: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	-	2	-	2	-
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-	-	-	2	-	2	-
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	-	-	1,972	-	-	2,487	359	529	-	-	5,347	5,347
9.1	secured by mortgages on residential immovable property - non-IPRE	-	-	-	1,972	-	-	-	103	-	-	-	2.075	-
9.1.1	no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-
9.1.2	loan splitting applied (secured)	-	-	-	1,972	-	-	-	-	-	-	-	1,972	1,972
9.1.3	Loan splitting applied (unsecured)	-	-	-	-	-	-	-	103	-	-	-	103	103
9.2	secured by mortgages on residential immovable property - IPRE	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3	secured by mortgages on commercial immovable property - non-IPRE	-	-	-	-	-	-	2,284	118	-	-	-	2,402	-
9.3.1	no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-	-
9.3.2	loan splitting applied (secured)	-	-	-	-	-	-	2,284	-	-	-	-	2,284	2,284
9.3.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	118	-	-	-	118	118
9.4	secured by mortgages on commercial immovable property - IPRE	-	-	-	-	-	-	202	7	-	-	-	209	209
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	-	131	529	-	-	661	661
10	Exposures in default	-	-	-	-	-	-	-	168	201	-	-	369	-
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	27	-	-	-	-	-	-	-	-	2	3	32	32
EU 10p	Other items	-	-	-	-	-	-	-	79	-	116	-	194	194
EU 11c	**Total**	**12,233**	**0**	**317**	**2,461**	**24**	**31**	**2,487**	**641**	**732**	**120**	**3**	**19,047**	**13,523**

[1)] EU CR5 shows the KSA exposure at default (EaD) values both after deduction of value adjustments/provisions and write-offs and 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)] Table EU CR5 only shows the columns (risk weights) in which the pbb Group has exposures. The columns not shown are therefore not relevant for the pbb Group.

Credit risk – IRB approach

This section presents the information required under Articles 452, 453(g) and (j) and 438(h) of the CRR on on-balance sheet and off-balance sheet credit risk positions for which the pbb Group calculates risk-weighted exposure amounts using the Foundation IRB approach (F-IRBA) based on internal bank rating procedures in accordance with Articles 142 et seq. CRR.

The pbb Group uses the F-IRBA for the majority of its commercial real estate financing, namely for all credit risk positions assigned to the PD rating system "SPV investors" (mainly exposure class companies – specialised lending). For a transitional period from 30 June 2024 until the CRR III ("Basel IV") comes into force on 1 January 2025, the determination of risk-weighted exposure amounts has been calibrated to standardised risk parameters. In this respect, the values and regulatory parameters reported as at 30 June 2025 and 31 March 2025 are only comparable to a limited extent with those up to and including 31 December 2024.

Quantitative information on credit risk positions in the IRB approach

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

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

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

EU CR6: IRB approach – credit risk positions by exposure class and PD bandwidth

	a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB	**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 – General	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	-	-	-	-	-	-	-	-	-	-	-	-
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
	0.75 to <2.50	62	-	40.00	62	2.42	2	20.01	3	33	53.80	-	-
	0.75 to <1.75	-	-	-	-	-	-	-	-	-	-	-	-
	1.75 to <2.5	62	-	40.00	62	2.42	2	20.01	3	33	53.80	-	-
	2.50 to <10.00	4	-	-	4	3.50	2	20.00	3	2	38.30	-	-
	2.5 to <5	4	-	-	4	3.50	2	20.00	3	2	38.30	-	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	10 to <20	-	-	-	-	-	-	-	-	-	-	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (default)	3	-	-	3	100.00	1	20	1	-	-	1	-3
Subtotal		**69**	**0**	**40.00**	**69**	**7.30**	**5**	**20.01**	**2**	**35**	**50.20**	**1**	**-3**

	a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB	**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	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	446	-	-	446	0.39	10	20.00	3	97	21.82	-	-
	0.50 to <0.75	170	-	-	170	0.67	7	23.47	3	56	32.74	-	-
	0.75 to <2.50	4,762	41	40.00	4,778	1.77	87	21.61	3	2,132	44.63	18	-5
	0.75 to <1.75	2.269	41	40.00	2.286	1.32	48	20.92	3	888	38.83	6	-1
	1.75 to <2.5	2.492	-	-	2,492	2.18	39	22.24	3	1,245	49.95	12	-4
	2.50 to <10.00	13,508	404	40.00	13,659	4.55	218	23.35	3	8,233	60.28	146	-58
	2.5 to <5	9,461	300	40.00	9,570	3.64	156	22.90	3	5,422	56.66	80	-18
	5 to <10	4,047	105	40.00	4.089	6.69	62	24.39	3	2,811	68.74	66	-39
	10.00 to <100.00	2,024	65	40	2,050	16.28	31	24.69	3	1.891	92.28	83	-113
	10 to <20	1,606	52	40.00	1,627	13.94	24	24.40	3	1,446	88.90	55	-71
	20 to <30	356	12	40.00	361	22.66	6	25.60	3	357	98.82	21	-33
	30.00 to <100.00	62	1	40.00	62	40.58	1	26.93	3	89	142.95	7	-9
	100.00 (default)	1,478	45	40.00	1,496	100.00	27	28.97	3	-	-	434	-495
Subtotal		**22,387**	**556**	**40.00**	**22,599**	**11.21**	**380**	**23.40**	**3**	**12,410**	**54.91**	**682**	**-670**
Total (all exposure classes)		**22,456**	**556**	**40.0**	**22,668**	**11.20**	**383**	**23.39**	**3**	**12,445**	**54.90**	**683**	**-674**

[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 value adjustments (but after depreciation) and before application of credit risk mitigation techniques.
[3] Nominal value before deduction of provisions and before application of credit risk mitigation techniques and credit conversion factors (CCF).
[4] Risk-weighted average conversion factor for off-balance sheet exposures, weighted by the off-balance sheet exposure in column (c).
[5] IRBA exposure value (Exposure at Default, EaD) after application of credit risk mitigation techniques and credit conversion factors (CCF), but before deduction of value adjustments/provisions.
[6] Risk-weighted average probability of default (PD), weighted by the exposure value in column (e).
[7] Risk-weighted average loss given default (LGD), weighted by the exposure value in column (e).
[8] Risk-weighted IRBA exposure amounts (RWA) after support factors for SMEs and infrastructure in accordance with Articles 501 and 501a CRR. The IRBA exposure classes "equity exposures" and "other assets that are not credit obligations" that are not based on own LGD and/or CCF estimates are not reported.
[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 collateral (%)	**Part of exposures covered by other eligible collateral (%)**				**Part of exposures covered by other funded credit protection (%)**				**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 substitution effects) [4]**
	A-IRB				**Part of exposures covered by immovable property collateral (%)**	**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 (%)**				
All figures in € million, unless otherwise stated															
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional governments and local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Corporates	22,668	-	83.30	83.30	-	-	-	-	-	-	-	-	12,445	12,445
5.1	Corporates – General	69	-	99.94	99.94	-	-	-	-	-	-	-	-	35	35
5.2	Corporates – Specialised lending	22,599	-	83.25	83.25	-	-	-	-	-	-	-	-	12,410	12,410
5.3	Corporates - Purchased receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Total**	**22,668**	**0**	**83.30**	**83.30**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**12,445**	**12,445**

[1] Exposure at default (EaD) according to credit conversion factors (CCF), but without taking into account credit risk mitigation techniques/substitution effects due to a guarantee.

[2] The collateral reported in columns (b) to (l) shows the proportion of the total exposures in column (a) secured by the respective collateral. The value of the collateral is based on the value of the secured exposure.

[3] Risk-weighted IRBA exposure amounts (RWA) according to credit risk mitigation techniques. The classification into an IRBA exposure class was based on the relevant exposure class of the original obligor.

[4] Risk-weighted IRBA exposure amounts (RWA) according to credit risk mitigation techniques. Classification into an IRBA risk exposure class was based on the relevant risk exposure class of the collateral provider.

Credit risk positions

The relevant regulatory exposure amount for determining risk-weighted exposure amounts (RWA) or 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, for most products, corresponds to the IFRS carrying amount (including accrued interest). In the case of an existing committed credit line, this is included as a further component in the EaD, multiplied by the product-specific credit conversion factor (CCF). The CCF indicates how much of an undrawn line is expected to be drawn down within one year prior to a possible default. The EaD is determined for all exposures, regardless of whether a default event has actually already occurred or not.

For on-balance sheet and off-balance sheet IRBA credit risk positions, the EaD amounts to €22,668 million and the RWA to €12,445 million (31 March 2025: €12,278 million, F-IRBA). The main reasons for the increase in RWA in the second quarter of 2025 (+€167 million compared with 31 March 2025) are shown in Table EU CR8 in accordance with Article 438(h) CRR.

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 the end of the previous reporting period**	**12,278**
2	Asset size (+/-)	184
3	Asset quality (+/-)	256
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	155
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	-237
8	Other (+/-)	-191
9	**Risk-weighted exposure amount at the end of the disclosure period**	**12,445**

[1)] Risk-weighted IRBA exposure amounts (RWA) after application of the SME support factor in accordance with Articles 501 CRR.
Counterparty credit risk positions (derivatives and securities financing transactions), on the other hand, are not included in EU CR8.

Factors influencing the increase in RWA in the IRB approach were, in particular, new business in commercial real estate financing (EU CR8, line 2) in the second quarter of 2025, which exceeded repayments in this period, rating downgrades on credit exposures (EU CR8, line 3), mainly in real estate financing in the USA, as well as changes in the environment and related adjustments to the risk parameters for RWA calculation (EU CR8, line 5). Offsetting effects included netting effects on real estate financing renewals (EU CR8, line 8) and currency effects (EU CR8, line 7), particularly for the US dollar (USD) and also for the British pound (GBP) and the Swedish krona (SEK).

RWA density

The average RWA density for IRBA credit risk positions is 54.9% (31 December 2024: 64.0%). Risk weights are an essential component in determining the risk-weighted position amounts to be covered by own funds. The RWA is calculated by multiplying the risk weight by the exposure at default (EaD).

PD

The probability of default (PD) indicates the probability that a borrower/counterparty will be unable to service its loan in accordance with the terms of the agreement over the course of a year (regardless of the amount of the claim and the collateral provided). The PD for IRBA credit risk positions averages 11.2% (31 December 2024: 9.9%).

LGD

Loss Given Default (LGD) indicates the expected loss ratio that an institution will incur in the event of a customer default. This averages 23.4% for credit risk positions in the IRB approach. The LGD is determined using an internal model, which is not used in the Pillar 1 calculation, however, as the pbb portfolio is not subject to the advanced IRB approach (A-IRBA). At the end of 2024, the pbb Group did not apply its own LGD estimates as a result of the calibration of risk-weighted position values to standardised risk parameters.

CCF

Unutilised IRBA credit commitments (before CCF) total €556 million (31 December 2024: €690 million). The average CCF, which indicates how much of a free line is expected to be utilised within one year before a possible default, is 40% (31 December 2024: 75%).

Counterparty credit risk

This section provides information on the pbb Group's counterparty credit risk resulting from derivative and securities financing transactions (repurchase agreements/securities lending transactions) in accordance with Article 439 CRR and, in addition, 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 that transaction.

Objective and counterparties

Derivatives

Derivatives are used within the pbb Group primarily to hedge market risks arising, for example, from changes in interest rates and exchange rates. These hedging transactions are matched by underlying transactions involving asset or liability positions. The hedging of interest rate and currency risks is aimed at reducing or avoiding market risks. The counterparties in derivative transactions are primarily OECD credit institutions and Eurex Clearing. In addition, the pbb Group provides derivatives for customers so that they, in turn, can specifically hedge the market risks of commercial real estate financing, for example.

Securities financing transactions

Repurchase agreements/securities lending transactions are used for short-term liquidity management and are also an important source of secured refinancing for pbb. The counterparties are primarily OECD credit institutions and Eurex Repo.

Qualified central counterparty

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

Own funds requirement procedure

Derivatives

To calculate the capital 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 Group does not currently use its own internal models (Internal Model Method, IMM).

To calculate the additional capital requirement for OTC derivatives for the risk of credit valuation adjustment (CVA risk) in accordance with Part 3, Title VI of the CRR, the pbb Group uses the reduced basic approach (R-BA) in accordance with Article 384 CRR.

Securities financing transactions

For securities financing transactions (repo/securities lending transactions), the pbb Group uses the provisions on credit risk mitigation in 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

The pbb Group applies the risk-sensitive approach in accordance with Article 308 CRR to calculate the capital requirements for contributions to the default fund of a qualified central counterparty.

Quantitative information on counterparty credit risk

The following tables EU CCR1, EU CCR3, EU CCR4, EU CCR5 and EU CCR8 show the pbb Group's counterparty credit risk positions as at the disclosure date of 30 June 2025.

Table EU CCR6 "Exposures in credit derivatives" in accordance with Article 439(j) CRR is not relevant for the ppb Group. The pbb Group has not entered into any hedging transactions with credit derivatives (acquired or sold credit protection), either as a protection taker or as a protection provider.

Similarly, 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 the .

Counterparty credit risk positions

The exposure values based on exposure at default (EaD) for counterparty credit risk – excluding initial margin payments and contributions to the default fund – amount to €467 million (31 December 2024: €481 million), of which €163 million (30 December 2024: €163 million) relates to receivables from the central counterparty Eurex Clearing.

The decline in EaD (€14 million compared with 31 December 2024) is primarily due to the reduction in the volume of securities financing transactions (-€41 million compared to 31 December 2024), whereas the EaD of derivative transactions increased (+€27 million compared to 31 December 2024).

Of the total €467 million, around €387 million relates to risk positions treated under the standardised approach (KSA) and around €79 million to risk positions under the IRB approach (F-IRBA). The standardised approach includes, among other things, the exposure values vis-à-vis Eurex Clearing (exposure class "institutions").

The risk positions for contributions to Eurex Clearing's default fund amount to €12 million (31 December 2024: €13 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 requirements.

Mitigation of counterparty credit risk and collateral

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

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

Financial collateral, predominantly cash collateral but in some cases also securities, is accepted as collateral in connection with derivatives and securities repurchase/securities lending transactions. Collateral is generally provided by way of full transfer of title, and in the case of securities also by way of pledge. pbb generally provides or receives cash collateral in euro. Table EU CCR5 shows the composition of collateral received and provided as at the disclosure date.

Table EU CCR1 shows the counterparty credit risk according to the method used in accordance with Article 439(f), (g), (k) and (m) CRR. Risk exposures to central counterparties are not included; these are shown separately in Table EU CCR8 below.

EU CCR1: Analysis of CCR risk exposure 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 regu-latory 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)]	538	235	——	1.4	832	271	271	141
2	IMM (for derivatives and SFTs)	——	——	-	-	-	-	-	-
2a	thereof: securities financing transactions netting sets	——	——	-	——	-	-	-	-
2b	thereof: 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)]	——	——	——	——	33	33	33	10
5	VaR for SFTs	——	——	——	——	-	-	-	-
6	**Total**	——	——	——	——	**865**	**304**	**304**	**151**

[1)] Table EU CCR1 does not include exposures to central counterparties (CCPs).
[2)] pbb measures the exposure value for 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 on credit risk mitigation in accordance with Part 3, Chapter 4 of the CRR, the comprehensive method pursuant to Article 223 et seq. CRR.
[4)] Replacement cost (RC), taking into account 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 replacement value (effective EPE) in accordance with Article 272(22) CRR when applying the internal model method (IMM).
[7)] Derivatives (line 1): exposure value after netting but before credit risk mitigation (collateral received) and without taking into account CVA (credit valuation adjustment) losses affecting the profit and loss account.
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 credit risk mitigation (collateral received), but without taking into account CVA losses affecting the profit and loss account.
SFTs (line 4): Exposure value (Exposure at Default, EaD) after netting and credit risk mitigation.
[9)] Exposure at default (EaD), the relevant amount (this receives the counterparty risk weight) for calculating the risk-weighted exposure amounts (column h).
The EaD of a netting set is calculated as follows: EaD = 1.4 x (RC + PFE).
Derivatives (line 1): Exposure value after netting and credit risk mitigation (collateral received) and after taking into account CVA losses affecting profit and loss.
SFTs (line 4): Exposure value after netting and credit risk mitigation.
[10)] Risk-weighted assets (RWA) for determining capital requirements under the standardised or IRB approach to credit risk.

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

EU CCR8: Exposures to central counterparties (CCPs)

		a	b
All figures in € million, unless otherwise stated		**Exposure value [1]**	**RWA [2]**
1	**Exposures to QCCPs (total)**	—	**6**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); thereof	163	3
3	(i) OTC derivatives	24	0.5
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	139	3
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin [3]	-	—
8	Non-segregated initial margin [4]	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	12	2
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

Table EU CCR3 shows the counterparty credit risk in the standardised approach by exposure class and risk weight in accordance with Articles 439(l) and 444(e) CRR. The standardised approach includes, among other things, 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	-	163	-	-	14	-	-	-	-	4	204	385
7	Corporates	-	-	-	-	-	-	-	-	2	-	-	2
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**1**	**163**	**0**	**0**	**14**	**0**	**0**	**0**	**2**	**4**	**0**	**387**

[1)] Exposure at default (EaD), including transactions cleared by Eurex Clearing, in accordance with the COREP reporting of own funds and own funds requirements.

Table EU CCR4 shows the counterparty credit risk in 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 credit risk positions are assigned to the other IRBA exposure classes as at the disclosure date.

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

			a	b	c	d	e	f	g
All figures in € million, unless otherwise stated	**Exposure class**	**PD scale [1]**	**Exposure value [2]**	**Exposure weighted average PD (%) [3]**	**Number of obligors**	**Exposure weighted average LGD (%) [4]**	**Exposure weighted average maturity (years)**	**RWA [5]**	**Density of risk-weighted exposure amounts (%) [6]**
1	**Corporates - Specialised Lending**	0.00 to <0.15	-	-	-	-	-	-	-
2		0.15 to <0.25	-	-	-	-	-	-	-
3		0.25 to <0.50	0.2	0.38	3	40.00	3	0.1	51.53
4		0.50 to <0.75	0.2	0.67	1	40.00	3	0.1	70.06
5		0.75 to <2.50	13	1.98	30	40.00	3	12	95.02
6		2.50 to <10.00	66	4.24	71	40.00	3	66	100.67
7		10.00 to <100.00	-	-	-	-	-	-	-
8		100.00 (default)	-	-	-	-	-	-	-
	Sub-total		**79**	**3.85**	**105**	**40**	**3**	**79**	**99.54**
Total (all CCR-relevant risk position classes)			**79**	**3.85**	**105**	**40.00**	**3**	**79**	**99.54**

[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 column (a).

[4] Exposure-weighted average loss given default (LGD), weighted by the exposure value in column (a).

[5] Risk-weighted assets (RWA).

[6] RWA density (%): calculated by dividing the RWA (column f) by the respective EaD (column a).

Table EU CCR5 shows the collateral received and provided for counterparty credit risk, separated for derivatives and securities financing transactions, in accordance with Article 439(e) CRR.

EU CCR5: Composition of collateral for CCR risk positions

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				**Collateral used in SFTs**			
	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	-	328	-	328	-	3	-	-
2	Cash – other currencies	-	73	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	145	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	373	-	-
9	**Total**	**0**	**401**	**0**	**328**	**0**	**521**	**0**	**0**

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

CVA risk

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

CVA and DVA

To take into account the expected default risk of a counterparty, the pbb Group makes credit value adjustments (CVA) and debt value adjustments (DVA) for OTC derivatives, i.e. valuation adjustments when valuing OTC derivatives for accounting purposes. CVA refers to valuation adjustments for the counterparty's default risk (credit deterioration), while DVA refers to adjustments for the Group's own default risk (its own credit deterioration) vis-à-vis a counterparty. CVA losses are recognised in the income statement and taken into account when determining the exposure value. DVA adjustments are deducted from core capital.

CVA charge

The CVA charge is the additional capital requirement for the risk of a credit valuation adjustment on OTC derivatives, i.e. for potential (unexpected) market value losses in connection with a deterioration in credit quality or changes in credit spreads of counterparties. Transactions with Eurex Clearing are not included in the capital requirement for CVA risk.

To calculate the additional capital requirement for credit valuation adjustment risk (CVA risk) in accordance with Part 3, Title VI of the CRR, the pbb Group uses the reduced basic approach (R-BA) in accordance with Article 384 CRR. Consequently, Table EU CVA4 "RWA flow statement for credit valuation adjustment risk under the standardised approach (SA)" in accordance with Article 438(d) and (h) CRR is not relevant for the pbb Group.

The risk-weighted exposure amounts (RWA) of the pbb Group amounted to €149 million as at the disclosure date (31 March 2025: €166 million). The reduction in RWA (€-17 million compared with 31 March 2025) results from changes in the maturities of derivative transactions.

Securitisations

As at the disclosure date, the pbb Group had no risk exposures from securitisations. Disclosure in accordance with Article 449 CRR "Disclosure of risk from securitisation positions" is therefore not relevant for the pbb Group.

Shadow banking entities

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

Market risk

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

This chapter presents information on the determination of own funds requirements in accordance with Article 445 CRR for the market risk (including interest rate risk in the banking book) of the pbb Group and on interest rate risk in the banking book in accordance with Article 448 CRR.

Own funds requirement for market risk

Market risks must be covered by own funds in accordance with Part 3, Title IV of the CRR. The pbb Group continues to maintain no trading book for securities and derivatives portfolios with the intention of generating short-term profits. In this respect, the pbb Group's transactions are subject exclusively to the own funds requirements for foreign currency risk in 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 in conjunction with the DVO (EU) 2021/637. As at the end of 2024, the pbb Group uses the standardised approach in accordance with the CRR II regulations[1] to calculate the capital requirements for market risks.

Disclosure of Tables EU MR2-A, EU MR2-B, EU MR3 and EU MR4 in accordance with Articles 455 and 438(h) CRR in conjunction with the Implementing Regulation (EU) 2021/637[2] is not relevant for the pbb Group. The pbb Group does not use its own internal models (Internal Models Approach, IMA) to calculate the capital requirement for market risk.

Quantitative information on market risk

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

The risk-weighted exposure amounts (RWA) amounted to €125 million as at the disclosure date (31 December 2024: €43 million). The €82 million increase in RWA in the first half of 2025 is primarily due to the increase in risk provisions in US dollars (USD) and British pounds (GBP), the restructuring of real estate financing in the US and changes in credit spreads for the USD. The capital requirement for market risks amounts to €10 million as of the disclosure date (31 December 2024: €3 million).

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

[2] Disclosure of the new tables EU MR1 to EU MR3 introduced by CRR III in accordance with Articles 445 and 455 CRR in conjunction with the DVO (EU) 2024/3172 – which generally repealed the Implementing Regulation (EU) 2021/637 as of 1 January 2025, i.e. with the exception of Article 15 "Disclosure of the use of the standardised approach and internal market risk models" of this Implementing Regulation (EU) – will only be required once the FRTB regulations have been introduced.

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	125	10
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**125**	**10**

Interest rate risk in the banking book

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

Notwithstanding the fact that no capital requirements are stipulated, the pbb Group applies the same methods and processes to interest rate risk in the banking book as it does to market risk measurement, as described in the disclosure report as at 31 December 2024 (chapter 'Market risk management', page 148 ff.). As explained there, pbb includes periodic interest rate risks in parallel with 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 meets the additional capital requirements and capital targets in accordance with the ECB's SREP.

Risk measures and risk reporting

Present value interest rate risk

Present value interest rate risks in the banking book comprise the risk to an institution's economic value arising from adverse interest rate movements affecting interest rate-sensitive instruments, including yield curve risk (gap risk), basis risk and option risk. These present value risks, measured in terms of sensitivities and value at risk indicators, are determined on a daily basis by Risk Management & Control (RMC) for all interest rate-sensitive positions in the banking book, independently of trading activities. Compliance with sensitivity triggers and value at risk (VaR) limits is also reviewed on a daily basis and reported to the Management Board of pbb. 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 EBA Guidelines EBA/GL/2022/14.

Periodic interest rate risk

The periodic interest rate risk in the banking book reflects the risk associated with changes in yield curves in relation to the Bank's earnings situation. The measurement considers changes in net interest income assuming 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 quarterly with a simulation horizon covering the following four quarters.

In addition, the dynamic earnings model is used for 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, realised gains, net income from financial instruments measured at fair value through profit or loss and changes in cumulative 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 cumulative other comprehensive income. In pbb's various interest rate stress scenarios, the triggers were not activated in the disclosure period from 31 December 2024 to 30 June 2025. The periodic interest rate risk is assessed quarterly as part of the dynamic earnings model.

Quantitative information on interest rate risk in the banking book

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

Present value interest rate risk

Overall, at the end of June 2025, the pbb Group shows the largest negative present value change potential from the interest rate shock scenario, which simulates a parallel upward shift in the yield curves, under the above assumptions in accordance with the EBA/GL/2022/14 guidelines. In this scenario, the present value loss in the banking book amounts to €126 million.

Periodic interest rate risk

With regard to periodic interest rate risks, a sudden parallel rise in yield curves would have a slightly positive impact on the delta static NII. The change in delta static NII as at 30 June 2025 amounts to a total of €4 million in the event of a positive currency-specific parallel shift in the yield curves and €6 million in the event of a negative currency-specific parallel shift – 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 expiring business in conjunction with the static NII method.

EU IRRBB1: Interest rate risks in the banking book

		a	b	c	d
	Supervisory shock scenarios	**Changes in the economic value of equity [1]**		**Changes in net interest income [2)]**	
All figures in € million		**30.06.2025**	**31.12.2024**	**30.06.2025**	**31.12.2024**
1	Parallel up	-126	-181	4	-43
2	Parallel down	74	100	6	41
3	Steeper	7	20	-	-
4	Flattener	-40	-78	-	-
5	Short rate up	-72	-123	-	-
6	Short rate down	46	71	-	-

[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 income-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 refer to a currency-specific parallel shift in the yield curves of +/- 200 basis points for all currencies, with the exception of CHF (+/- 100 basis points) and GBP (+/-250 basis points).

Liquidity and funding risk

Liquidity risk is the risk of not being able to meet existing or future payment obligations in full or on time, depending on their scope and timing.

The section "Liquidity and funding risk" provides information on the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) of the pbb Group in accordance with Article 451a (2) and (3) CRR.

Liquidity coverage ratio

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

According to Article 412 CRR, the LCR requires 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 periods of stress, 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 of 100% during such periods.

From a regulatory perspective, a minimum LCR of 100% must be maintained. The values calculated for the pbb Group in the first half of 2025 were well above this minimum at all times. The LCR as at the disclosure date of 30 June 2025 is 330% (31 March 2025: 211%).

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 includes the values and figures as at the disclosure date of 30 June 2025 and for each of the three calendar quarters preceding the disclosure date. Unlike the above-mentioned reporting date values, 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 2025 is 299% (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 arise from the different dynamics of new business in real estate financing and its refinancing.

Liquidity management within the pbb Group

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

Refinancing sources

The pbb Group uses a wide range of refinancing sources. In addition to deposits from private and institutional customers, refinancing is carried out through the issuance of covered bonds, promissory notes and unsecured bonds on the capital market, as well as through open market operations with the ECB and repo transactions on the interbank market and on Eurex.

Liquidity buffer

As at the disclosure date, liquidity reserves amounted to €3,475 million (average value), consisting of highly liquid Level 1 assets. The liquidity buffer consists mainly of liquid cash and HQLA Level 1 bonds. Level 1 includes eligible deposits with the Deutsche Bundesbank, debt securities issued by central governments, regional or local authorities, public bodies, multilateral development banks or international organisations, and credit institutions with government guarantees.

Liquidity outflows and liquidity inflows

Liquidity inflows are influenced in particular by expected loan repayments and refinancing funds raised. Liquidity outflows are composed as follows:

- Mortgage loans or other loans committed but not yet drawn down
- Refinancing funds due
- Potential margin calls.

Cash flows from derivative positions accounted for only a small proportion of total net cash flows in the first half of 2025. The pbb Group uses a historical look-back approach (HLBA) to calculate potential margin calls on derivatives, i.e. margin calls observed in the past are analysed and a conservative assumption for potential future margin calls is derived from this. On average, this figure was €465 million. No significant impact on the provision of collateral is expected from possible rating changes.

Significant foreign currency

As at 30 June 2025, the pbb Group had no foreign currency or significant currency in accordance with Article 415(2a) CRR whose aggregate liabilities amounted to at least 5% of total liabilities. Foreign currency positions have no significant impact on the liquidity position.

EU LIQ1: Quantitative information on the LCR

		a	b	c	d	e	f	g	h
		Total unweighted value (average) [1]				Total weighted value (average) [1]			
All figures in £ million, unless otherwise stated									
EU 1a	**Quarter ending on:**	**30.06.2025**	**31.03.2025**	**31.12.2024**	**30.09.2024**	**30.06.2025**	**31.03.2025**	**31.12.2024**	**30.09.2024**
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)	———	———	———	———	**3,475**	**3,663**	**3,724**	**3,783**
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	959	965	890	891	230	228	192	189
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	912	920	873	877	182	184	174	175
5	Unsecured wholesale funding	625	665	675	765	496	547	555	629
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	307	300	310	314	178	182	190	178
8	Unsecured debt	319	365	364	450	319	365	364	450
9	Secured wholesale funding	———	———	———	———	106	109	111	112
10	Additional requirements	465	457	468	466	465	457	468	466
11	Outflows related to derivative exposures and other collateral requirements	465	457	468	466	465	457	468	466
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	48	58	118	173	27	37	97	153
15	Other contingent funding obligations	1,345	1,540	1,779	2,069	367	398	457	548
16	**Total cash outflows**	———	———	———	———	**1,691**	**1,776**	**1,878**	**2,096**
Cash inflows									
17	Secured lending (e.g. reverse repos)	70	137	157	252	-	29	56	151
18	Inflows from fully performing exposures	435	470	552	624	285	311	363	405
19	Other cash inflows	135	75	78	136	135	75	78	136
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**	640	682	787	1,012	**420**	**415**	**496**	**692**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	640	682	787	1,012	420	415	496	692
Total adjusted value									
EU-21	**Liquidity buffer**	———	———	———	———	**3,475**	**3,663**	**3,724**	**3,783**
22	**Total net cash outflows**	———	———	———	———	**1,271**	**1,361**	**1,382**	**1,404**
23	**Liquidity coverage ratio (%)**	———	———	———	———	**299**	**283**	**290**	**301**

[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 for the twelve months preceding the end of each quarter.

Net stable funding ratio

The net stable funding ratio (NSFR) is calculated as the ratio of available stable funding (ASF) to required stable funding (RSF). The NSFR is expressed as a percentage.

Unlike the liquidity coverage ratio (LCR), which is intended to ensure a liquidity buffer in times 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 for assets and liabilities. The determining factors in the pbb Group are real estate financing on the one hand and the corresponding refinancing on the other. The pbb Group does not treat any assets or liabilities as interdependent.

Under regulatory requirements, a minimum NSFR of 100% must be maintained. The values calculated for the pbb Group in the first half of 2025 were well above this minimum at all times. The NSFR as at the disclosure date of 30 June 2025 was 113% (31 December 2024: 116%).

Quantitative information on the structural liquidity ratio

The following EU LIQ2 tables in accordance with Article 451a (3) CRR show the quarter-end figures for the NSFR for the pbb Group for each quarter of the relevant disclosure period 2025.

The fluctuations in the NSFR in the first half of 2025 are mainly due to changes in the maturity structure of assets and liabilities. Roll-down effects on refinancing funds are particularly noteworthy here. Furthermore, the increase in risk provisions reduced the NSFR ratio.

EU LIQ2: Net stable funding ratio (quarter-end as at 30 June 2025)

Quarter-end figures as of 30 June 2025		a	b	c	d	e
		Unweighted value by residual maturity				**Weighted value**
All figures in € million, unless otherwise stated		**No maturi-ty**	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,101	-	-	187	3,288
2	Own funds	3,101	-	-	187	3,288
3	Other capital instruments	—	-	-	-	-
4	Retail deposits	—	1,437	1661	3,309	6,098
5	Stable deposits	—	-	-	-	-
6	Less stable deposits	—	1,437	1661	3,309	6,098
7	Wholesale funding:	—	3,418	2,250	24,596	25,925
8	Operational deposits	—	-	-	-	-
9	Other wholesale funding	—	3,418	2,250	24,596	25,925
10	Interdependent liabilities	—	-	-	-	-
11	Other liabilities:	30	24	-	56	56
12	NSFR derivative liabilities	30	—	—	—	—
13	All other liabilities and capital instruments not included in the above categories	—	24	-	56	56
14	**Total available stable funding (ASF)**	—	—	—	—	**35,366**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)	—	—	—	—	953
EU-15a	Assets encumbered for more than 12 months in cover pool	—	-	-	21,519	18,291
16	Deposits held at other financial institutions for operational purposes	—	-	-	-	-
17	Performing loans and securities:	—	3,069	1,931	8,240	9,302
18	Performing securities financing transactions with financial customers collateral-ised by Level 1 HQLA subject to 0% haircut	—	-	-	-	-
19	Performing securities financing transactions with financial customers collateral-ised by other assets and loans and advances to financial institutions	—	54	116	342	406
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and PSEs, of which:	—	2,584	1,490	6,535	8,490
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	—	51	61	215	1,026
22	Performing residential mortgages, of which:	—	329	275	974	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	—	178	254	946	-
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 prod-ucts	—	102	51	846	796
25	Interdependent assets	—	-	-	-	-
26	Other assets:	-	2,621	-	208	2,070
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	—	800	-	-	40
31	All other assets not included in the above categories	—	1,821	-	208	2,030
32	Off-balance sheet items	—	-	-	1,926	554
33	**Total RSF**	—	—	—	—	**31,170**
34	**Net stable funding ratio (%)**	—	—	—	—	**113**

EU LIQ2: Net stable funding ratio (quarter-end as at 31 March 2025)

Quarter-end figures as of 31 March 2025 All figures in £ million, unless otherwise stated		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) Items						
1	Capital items and instruments	3,294	-	-	245	3,539
2	Own funds	3,294	-	-	245	3,539
3	Other capital instruments	———	-	-	-	-
4	Retail deposits	———	1,681	1,171	3,252	5,818
5	Stable deposits	———	-	-	-	-
6	Less stable deposits	———	1,681	1,171	3,252	5,818
7	Wholesale funding:	———	1,696	3,349	25,365	27,321
8	Operational deposits	———	-	-	-	-
9	Other wholesale funding	———	1,696	3,349	25,365	27,321
10	Interdependent liabilities	———	-	-	-	-
11	Other liabilities:	42	28	-	63	63
12	NSFR derivative liabilities	42	———	———	———	———
13	All other liabilities and capital instruments not included in the above categories	———	28	-	63	63
14	**Total available stable funding (ASF)**	———	———	———	———	**36,741**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)	———	———	———	———	923
EU-15a	Assets encumbered for more than 12 months in cover pool	———	-	-	21,908	18,622
16	Deposits held at other financial institutions for operational purposes	———	-	-	-	-
17	Performing loans and securities:	———	2,281	2,782	8,574	9,603
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	———	-	-	-	-
19	Performing securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions	———	95	108	325	389
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and PSEs, thereof:	———	1,868	2,224	6,769	8,786
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	———	59	90	128	1,030
22	Performing residential mortgages, of which:	———	292	338	1,058	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	———	117	316	1,010	-
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	———	27	112	891	827
25	Interdependent assets	———	-	-	-	-
26	Other assets:	-	2,644	-	324	2,076
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	———	940	-	-	47
31	All other assets not included in the above categories	———	1,705	-	324	2,029
32	Off-balance sheet items	———	-	-	1,592	481
33	**Total RSF**	———	———	———	———	**31,705**
34	**Net stable funding ratio (%)**	———	———	———	———	**116**

Environmental, social and governance (ESG) risk

This chapter presents information on environmental, social and governance risks (ESG risks) in accordance with Article 449a CRR in conjunction with Article 435 CRR. The disclosure requirement under Article 449a CRR applies to large, capital market-oriented institutions and includes qualitative information on the management of ESG risks (business model and strategy, corporate governance and management, risk management) as well as quantitative information on climate and environmental risks, physical risks and, above all, transition risks resulting from the adjustment process towards a lower-carbon and more environmentally sustainable economy.

ESG risk management

Definition

The pbb Group defines ESG risk in accordance with EBA/REP/2021/18, the 8th MaRisk amendment and the ECB Guide on climate and environmental risks as the risk of negative financial impacts on the institution resulting from current or anticipated impacts of ESG factors on its counterparties or invested assets. ESG factors are environmental, social or governance issues that can have a positive or negative impact on the financial performance or solvency of a company, a country or an individual. ESG risk also includes negative financial, economic and social impacts that could arise from the institution's own activities. ESG risk comprises the following components:

Environmental risks

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

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

- Transition risk: pbb defines transition risk (also known as "transition risk") as financial losses that institutions may incur directly or indirectly as a result of the transition to a lower-carbon and more environmentally sustainable economy. This risk could arise, for example, as a result of sudden political measures adopted to protect the climate and the environment, technological progress or changes in market sentiment and preferences.

Social risks

pbb defines social risks as the risks of negative financial impacts on the institution arising from the current or future effects of social factors – in particular from the disregard of human and labour rights and concerns, from any negative effects of economic activities on society/ communities in general or specific communities (e.g. indigenous minorities or similar), as well as product safety and end customers – on its counterparties or 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 impacts on the institution resulting from the current or future effects of governance factors on its counterparties or invested assets. Negative impacts may also result from governance factors arising from the institution's own activities.

pbb's sustainability strategy and understanding of sustainability

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

The pbb Group is convinced that lawful and ethical conduct, responsible corporate governance and the observance of high ethical principles are necessary conditions for long-term business success. The pbb Group therefore aims to combine long-term economic success with sustainability aspects, thereby creating long-term benefits for society and conserving natural resources. As part of the financial industry, the pbb Group sees itself as a transformation financier and considers it its task to increasingly direct investment funds towards sustainability.

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

The pbb Group has set a total of five overarching strategic goals in the context of sustainability. Two of the goals relate to the Group's business model, specifically its positioning as a transformation (re)financier in the real estate industry and overall sustainable (re)financing. Other overarching goals relate to sustainable operational ecology and compliance with regulatory requirements. In addition, holistic transparency and communication contribute to the economic success of the pbb Group and its values.

To determine the material sustainability aspects, the pbb Group conducted a CSRD materiality analysis in 2023 and 2024 based on the principle of double materiality, taking into account the inside-out perspective, which considers the company's impact on people and the environment, and the outside-in perspective, which analyses the company's financial risks and opportunities. In terms of financial materiality, the CSRD materiality analysis was based on the already well-founded results of the risk analyses from the pbb Group's risk inventory, particularly in the area of climate and environmental risks. For banking operations, the climate and environment-related aspects of adaptation to climate change & physical risks, climate change mitigation (emissions), energy and pollution, and the social dimension of consumers and end users were assessed as material. For business operations, climate and environmental aspects similar to those for banking operations, social aspects relating to working conditions and equality, as well as non-discrimination and governance aspects, were assessed as material.

In 2021, pbb adopted a comprehensive sustainability strategy for the first time, which is part of its business strategy, and has been continuously developing it ever since. This reflects the growing importance of sustainability for society and the economy and encourages all organisational units of the pbb Group to address the issue of sustainability. The pbb Group is building on this with its ESG Strategy 2025 and strategically developing its positioning. The sustainability aspects of banking in the business strategy relate to the active portfolio (Real Estate Finance, REF).

For quantitative management, pbb uses a system of key performance indicators that also takes regulatory indicators and market developments into account. In recent years, one focus has been on determining green asset ratios (GAR). However, from the pbb Group's perspective, the GARs according to the EU taxonomy are not meaningful in terms of the actual proportion of environmentally sustainable assets, as there are already restrictions on taxonomy eligibility, depending, among other things, on the size and capital market orientation of customers. No market practices have yet emerged for adjusted and self-defined ratios. In the pbb Group's view, greenhouse gas (GHG) reduction is likely to emerge as an important cross-company goal in the future.

E-targets values

	KPI	Short and medium term goals			Long term goals	
		2025	2026	2027	2030	2050
Portfolio	GHG Emission Intensity of REF portfolio	Target path →		39.8 kg CO_2e/m^2	31.4 kg CO_2e/m^2	1.1 kg CO_2e/m^2
	Share of Green Loan eligible assets of REF portfolio	Target path →	> 30%			
	Share of Green Loan eligible assets of REF in new business	32%				
	Transparency rate of REF portfolio with pbb Green score	Target achieved – aim to maintain at least 75%				

The pbb Group has developed a decarbonisation path with the aim of aligning the REF portfolio with the 1.5 degree Celsius target and actively steering it towards reducing GHG emission intensity. The decarbonisation pathway is geared towards limiting global warming to 1.5 degrees Celsius, calculated from the pre-industrial era to 2050, and incorporates the decarbonisation pathways customary in the real estate sector from the Carbon Risk Real Estate Monitor (CRREM) as a reference. The focus was placed on the REF portfolio as this represents the strategic portfolio of the pbb Group. The aim is to reduce the other parts of the pbb portfolio. The GHG emission reduction target for 2050 and interim targets for 2027 and 2030 are derived from the decarbonisation path developed. In 2024, control measures for GHG emission reduction were initiated. Further measures were implemented in 2025 and will be continued.

This decarbonisation pathway for the strategic REF portfolio shows decarbonisation in physical emission intensities (kg CO2 eq/m2) and defines a final target for 2050 and the following (interim) targets (base year 2024):

- In 2027: 39.8 kg CO_2 eq/m²
- In 2030: 31.4 kg CO2 eq/m^2
- In 2050: 1.1 kg CO_2 eq/m^2 .

Physical emission intensity is used as the primary control variable for decarbonising the financing business (asset side) in order to improve comparability with reference scenarios (CRREM). The basis for this development is CRREM's GHG emission intensity pathways aligned with the 1.5 degree Celsius target.

Emissions data is available for each property financed by pbb in various data quality levels. pbb uses the PCAF data quality score classification from one to four for this purpose. For data with data quality scores of one to three, data from the energy performance certificates (consumption certificates or demand certificates) of customers is used, which was obtained from the pbb Group's own customers during data collection and is received through standard processes. As a rule, these energy performance certificates only include CO_2emissions. Data with a data quality score of four is estimated using PCAF emission factors based on the property type and country of the financed property. Only properties with data quality scores of one to three were used to develop the decarbonisation pathway. In addition, the five main property types (residential, office, retail, industrial/logistics and hotel/leisure) were used. This means that a total commitment of around 75% was used to develop the climate pathway.

The determined portfolio starting point makes it possible to forecast the decarbonisation of the real estate financing portfolio, taking into account the current business plan and its continuation until 2050. As of 30 June 2025, GHG emission intensity was 43.5 kg CO_2eq/m^2.

The pbb Group has modelled various scenarios to define the decarbonisation path. pbb's business planning up to 2027 forms the basis for all scenarios. This takes into account planned changes in sales volumes or shifts in the bank's product portfolio up to 2027. The planning for 2027 was used as the basis for the further course of events up to 2050. Changes to the business plan are continuously taken into account through annual updates, which may lead to target adjustments if necessary. The global CRREM pathway (CRREM Global Pathways V2) was used as a reference pathway for defining targets, as this is the general market standard for deriving decarbonisation pathways for the real estate sector. A pbb-specific reference pathway was developed based on country- and building-type-specific sub-CRREM pathways. The targets developed are on a reduction path that takes into account the pbb REF portfolio as of the reporting date and approximates the pbb-specific reference path. Due to the methodology chosen, the decarbonisation path takes into account the assumptions and methodologies underlying the CRREM paths, which means that assumptions about regulatory factors and new technologies are included in the targets. Furthermore, annual portfolio growth and an increase in green financing were assumed.

The pbb Group began managing its REF loan portfolios on the basis of the pbb Green Scoring Model in 2021 to ensure that they are environmentally sustainable. To this end, pbb has developed the Green Loan and Green Bond Framework, including the respective products, and has set itself an initial operational interim target of having more than 30% of green loan-eligible assets in its real estate 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 a total 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 individual properties. In addition, particular focus is placed on the possibilities for transformation into sustainable properties. As at 30 June 2025, the proportion of green loan-eligible assets in the real estate financing portfolio was 31.3% of the total real estate financing portfolio and 36.5% of the evaluated portion of the real estate financing portfolio. The evaluated portion of the real estate financing portfolio was 85.9% as at 30 June 2025.

The basis for achieving the target is the comprehensive assessment of the properties to be financed as part of the credit decision process. This involves a comprehensive analysis of the information contained in the property's energy performance certificates, in particular energy consumption and GHG emissions. These key figures are compared with market benchmarks such as CREEM or the benchmarks contained in the EU taxonomy. This provides an overview of the property and its positioning in the market. As a result, assessment mechanisms such as the pbb Group's ESG scoring and selection mechanisms based on this are applied to prevent energy-intensive properties from being financed in comparison with applicable market standards. With regard to green lending, the proportion of green properties in the portfolio and the GHG intensity of the financed portfolio, the pbb Group has set itself targets. These play a decisive role in lending.

The achievement of pbb's internally defined ESG targets is evaluated using tools. Reporting takes place as part of quarterly reporting, which is submitted to both the Executive Board and the Supervisory Board. The target values and the management concept are reviewed annually by the ESG Committee.

Measures

In the area of financing, the most important lever is the reduction of emissions from the financed properties. The sustainability strategy therefore focuses on supporting the financing of green properties and green developments and transformation projects (manage-to-green), such as energy-efficient renovations and improvements to the energy efficiency of existing buildings. Based on a green loan framework developed in accordance with the LMA Green Loan Principles, the pbb Group offers green loans.

In order to further support customers in their green transformation, the pbb Group has entered into a cooperation with Groß & Partner Grundstücksentwicklungsgesellschaft mbH and founded Eco Estate GmbH. Eco Estate GmbH offers green consulting, works with its customers to develop possible solutions for the transformation of real estate in the areas of ESG, smart buildings and (taxonomy) certification, and advises them on implementation options through to the execution of measures.

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

With pbb invest and the new Originate & Cooperate sub-segment, the pbb Group is further expanding its commission business, which will consist in part of green investment products.

The pbb Group has established a data-based ESG ecosystem in order to better understand the risks – but also the opportunities – for clients in the REF portfolio in the context of sustainability and to act as an active partner in this transformation. As a first step, comprehensive data on various sustainability aspects of the financed real estate properties is being collected and recorded. In addition to marketable exchange methods from third-party providers, standardised pbb questionnaires and the pbb customer portal can also be used for structured data transfer. The pbb Group bundles relevant ESG data from internal sources and external providers (including physical risk data) in the Green Tool. Based on the ESG data collected, various ESG analyses are carried out, such as the E-taxonomy check, the Green Score analysis and the analysis of physical risks, as well as the CRREM path and XDC degree analysis. The pbb Group uses these analysis results, among other things, in customer meetings for early dialogue to identify potential ESG opportunities and work on them together with the customer, as well as for its ESG product offering.

Environmental risks

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

The sustainability strategy with regard to environmental risks focuses on supporting the financing of green properties and green development and transformation projects (manage-to-green), such as energy-efficient renovations and improvements to the energy efficiency of existing buildings. , the pbb Group has been offering green loans. The pbb Green Loan Framework was developed to assess which properties and financing arrangements are "green". It is based on two elements: pbb's own scoring model and 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 violation 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 in lending decisions must be approved by the Executive Board.

The existing portfolio was classified by querying the relevant data points in a customer survey and has since been anchored in the standard processes. Based on these provisions, pbb has classified and evaluated more than 85.9% of its real estate portfolio with a pbb Green Score as of 30 June 2025. Accordingly, the pbb Group has gained a meaningful overview of the sustainability of its loan portfolio and the associated risks, laying the foundation for the long-term management of ESG risks. The data collected is integrated into pbb's own IT landscape and is continuously supplemented.

Monitoring is carried out on a monthly basis with regard to all properties subject to pbb Green scoring, the scores achieved, the breakdown by asset class and country, and the identification of potential risk clusters. In addition, early warning indicators are monitored on a quarterly basis to monitor and manage the REF portfolio at an early stage. The early warning indicators include a combination of LTV and pbb Green Score on a country basis and are intended to identify negative developments at portfolio level at an early stage. Compliance with the warning indicators and any identified exceedances are reported quarterly in the Group Risk Report by RMC. The reporting and early warning indicators are continuously expanded and further developed.

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

Social and governance risks

The pbb Group has classified social issues as relevant in its strategic materiality analysis. The topics of respect for human rights and the fight against corruption and bribery are also relevant for the pbb Group.

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

The pbb Group conducts due diligence checks 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, it checks what concrete results the company can demonstrate in these areas. For example, convictions in court in connection with anti-corruption, tax or competition proceedings can have a negative impact. In principle, the pbb Group can build on its existing "Know Your Customer" (KYC) tools for due diligence, which are continuously updated and automatically generate warning messages. Information for due diligence includes the company's reporting, published strategies and policies, and stakeholder communication on the website. In addition, the pbb Group has access to information from National Contact Points (NCPs) and the Business & Human Rights Resource Centre (BHRCC). Questionnaires sent to the company also serve as an additional source of information.

The pbb Group monitors compliance with minimum (social) protection standards throughout the entire life cycle of the asset. The review cycle is based on the counterparty's risk and relevance 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 higher-level 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 components of ESG risk – climate and environment, social and society, and corporate governance – are firmly anchored in both the business strategy and the risk strategy of the pbb Group.

Identification and assessment of the materiality of ESG risks

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

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

- a company's economic and financial activities are affected (financial materiality/outside-in) and
- how a company's activities affect 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 "double materiality" and is to be used for the assessment of materiality.

Overall, risk factors for climate, environment, social issues and governance were analysed. At the end of the assessment, the influence of the identified potential ESG risk drivers on the individual risk types is examined 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 areas, and from the Risk Management & Control area.

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 comprehensively includes ESG risk factors from both external publications such as the ECB's guidance on climate and environmental risks, the EU taxonomy or the CSRD requirements, as well as from internal sources such as the non-financial materiality analysis or expert opinions, and is regularly reviewed and expanded.

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

  Impact channels are understood to be 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 repair costs following a damaging event (e.g. physical risks) or business interruptions. The analysis of impacts also takes into account mitigation measures and the timing of the impact 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" impacts include social influences or environmental impacts such as potential environmental pollution that may result from the company's activities.

- Step 3 "Analysis and assessment of impacts in terms of materiality"

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

  Based on the analysis of the impact channels and the relevant variables and benchmarks, it becomes clear which types of risk are affected. Overall, credit risk, market risk, business and strategic risk, liquidity and funding risk, operational risk and reputational risk may be affected, as well as other types of risk where applicable.[3]

[3] In particular, it will be examined whether the influence of ESG risks could change the materiality classification of intangible risks.

> All relevant experts are involved in the steps of the assessment process. With regard to climate and environmental risk, these are in particular those persons 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, experts for the individual types of risk – in particular from the RMC, IT and Legal departments – are responsible for assessing the relevance of the respective type of risk.

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

The ESG materiality assessment takes into account acute and chronic climate risks in accordance with the EU taxonomy. The Bank has compiled and analysed its own list of environmental and transitional factors that are assessed, which is tailored to its business activities and regulatory requirements.

The list for social and governance factors was derived from CSRD (overarching) topics required by regulatory authorities. All ESG risk factors analysed as part of the 2025 risk inventory 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	Changes in wind patterns, coastal erosion, soil degradation, soil erosion, solifluction, changes in precipitation patterns and types, sea level rise, water scarcity, temperature variability, heat stress, permafrost thawing, variability 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 culture, unethical corporate behaviour – greenwashing, supplier management/unethical supplier behaviour and payment practices, anti-competitive behaviour and political involvement or lobbying, corruption and bribery

Environmental risks

The materiality assessment was carried out separately for pbb's business activities in the Real Estate Finance (REF) segment and the Non-Core (NC) and Consolidation & Adjustments (C&A) segments, differentiated according to acute and chronic climate risks, biodiversity risks and other environmental risks.

Real Estate Finance

Assessment procedure

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

Irrespective of this, expert workshops/surveys are conducted to fulfil CSRD requirements in order to take into account and assess material ESG aspects in a structured, qualitative manner. These qualitative results are then used in the next step for the materiality analysis, in particular for risk factors for which no quantitative evaluations are currently possible. All results – those of the quantitative materiality assessment and those of the CSRD materiality analysis – are finally assessed for materiality by the responsible expert.

Acute climate risks

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 requested from a suitable provider and analysed. Damage expectations resulting from flooding, heavy rainfall, storms and tornadoes exist for the location data of the properties. These damage expectations can be used to determine the annual expected damage to the properties, which can be translated into a possible change in the customer's (gross) LGD ( ). Thus, assuming that damage from acute climate risks occurs for all properties in the portfolio, the (gross) LGD change of all customers with regard to the respective climate risk can be determined. This translates into an expected loss for pbb with regard to credit risk. We use this expected gross loss of customers for the quantitative materiality assessment and explicitly define a quantitative materiality threshold. The expected loss considered does not take into account insurance or property-specific individual mitigation measures. In addition to this quantitative materiality assessment, an individual qualitative expert judgement is mandatory in order to identify material climate risks. The materiality analysis with regard to climate risks is therefore based both on historical data and possible unfavourable climate scenarios – the latter through a cautious (low) materiality threshold – as well as on the experts' view of the individual risk factors.

The data mentioned is not available for other acute climate risks. For these factors, we obtain a risk classification for the property locations from a public source of hazard data. However, this risk classification does not include expected damage values; the classification is based solely on the probability of material damage occurring. Here, the market value shares of the REF portfolio are divided into different risk classes ("no risk" to "high") for each risk factor, and a materiality threshold for each factor is defined based on how high the corresponding share is in the "high" category. For the quantitative materiality assessment of a climate risk, the portfolio market value in the "high risk" category is used and the corresponding threshold value is explicitly defined. Since the exact damage potential cannot be determined quantitatively, the final qualitative assessment must be carried out by experts.

Chronic climate risks

Similar to the data from public sources for acute climate risks, risk classes for the chronic risk factors of sea level rise and coastal erosion can be obtained from public sources. To assess the materiality of these chronic climate risks, pbb applies the same materiality definition as for the quantitative assessment of acute climate risks from public sources, i.e. a risk factor is considered material if the market value of the REF portfolio assigned to the "high" risk class exceeds a certain threshold. For chronic risk factors, too, the mandatory final qualitative assessment by the expert is decisive.

Transitional risks

Relevant transitional risk factors include, in particular, the low energy efficiency/high energy consumption of the financed properties and a high carbonfootprint (Scope 1, 2, 3). Financed properties with poor energy efficiency and an excessive CO_2footprint are not eligible for green loans and contribute to a reduced share of green assets ("green asset ratio") for the bank. In addition, there is a risk of reputational damage and a possible reduction in property value. New sustainability and environmental regulations or CO_2 pricing could also mean that properties are no longer eligible for green bonds or green loans, that the share of green assets decreases, that reputational damage is possible, or that property values decline.$_2$pricing could also mean that properties are no longer eligible for green bonds or green loans, the proportion of green assets is reduced, reputational damage is possible or property values fall. The question is whether the properties affected can be converted; renovation costs may be incurred that could affect the creditworthiness of the property debtors. The future usability of the property could also be restricted. Another transitional risk factor is the general market sentiment. A change in customer/market sentiment with regard to ESG aspects/products can lead to lower credit demand (lower new business income), market share losses (lower revenues) and increased legal costs. With regard to market sentiment towards fundamental risks (due to climate change) in regions affected by disasters and similar hazardous situations derived from this, market prices may fall regardless of whether damage has actually occurred. The materiality of the aforementioned transitional risk factors was determined qualitatively – based on expert judgement. In addition, the potential impact of transitional risk factors identified as material on credit risk in various (climate) scenarios was determined quantitatively using appropriate assumptions as part of the macroeconomic stress test.

Non-core and consolidation & adjustments

Acute and chronic climate hazards

A three-stage assessment process is used to evaluate acute and chronic climate risks in the non-core segment. As location-specific risk data is not available, relevant climate and environmental risk data was identified at regional level and assigned to the probability of occurrence and severity of damage for the risk factors currently identified as critical. The assignment is then made in the form of five existential risk levels for environmental events: "no risk", "very low", "low", "medium" and "high", each based on the deviation of the event from the event-specific norm.

In a second step (gross risk 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.

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

At all three levels (existence 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 customers 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 risk and must be regularly reviewed in the risk monitoring measures on an individual basis for potential losses to 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).

Transitional risks

A two-stage assessment procedure is used to evaluate transitional environmental risks in the NC & C&A segment. Essentially, three transitional risks are assessed in terms of their potential impact on credit risk.

Primarily, the CO_2emissions attributable to a borrower/debtor or guarantor or their economic activity are considered as the starting point for the necessary transformation and the resulting pressure to act and for the associated organisational and financial expenses. This data is collected directly from the customer or replaced by regulatory-qualified scientific/statistical CO_2 emission data as proxy values. The greater the gap between current CO_2 emissions and the goal of climate neutrality, i.e. zeroCO_2 emissions, the greater the pressure to transform and the expected expenditure for the borrower/debtor. In order to determine the gross risk in a first step, the CO_2intensity is therefore calculated as the ratio of economic output to the CO_2 emissions required for this, and assigned to three intensity and thus transformation risk levels: low, medium and high.

In a second step, this gross risk in the form of CO_2intensity and transformation risk is then compared with the transformation capacity of the borrower/debtor or guarantor. For local authorities, this transformation capacity is assessed using the NDGAIN assessment of the transformation capacity of states, based on an evaluation of the necessary willingness and capacity in the areas of economy, governance, social structure and adaptability, using the NDGAIN readiness factor for the central government concerned. For municipal and state-owned enterprises, the impact of this transformation capacity of the state is assumed and thus the NDGAIN readiness factor of the central government concerned is applied. In the case of ECA-covered financing, the transformation risk is neutralised by the coverage ratio of the ECA guarantor and is only to be assessed as a residual risk for the uncovered portion. For private companies, this transformation capability is essentially assessed on the basis of economic strength, i.e. the credit rating and the actual proven efforts on a transformation path, and is taken into account in the form of an individual transformation factor. The net risk is then calculated as the product of the gross risk (CO($_2$)intensity) and the reciprocal of the NDGAIN readiness factor or, respon ely, the individual transformation factor. The secondary transformation risks relating to the achievement of energy efficiency and sustainability requirements are assessed in a similar manner in two stages.

Biodiversity

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

For REF transactions, additional granular analyses of the land cover type of the property locations were carried out. External satellite data was used to classify pbb's EU REF portfolio in terms of biodiversity risks resulting from land use changes. The few buildings identified as having an increased risk in this land use analysis were examined individually in a further expert assessment, which also largely ruled out any biodiversity risk due to land use change. The same applies to pbb's locations and the data centre and server locations, which were also analysed. The US portion of the REF portfolio could not be considered in this analysis, but similar strict environmental regulations apply to building permits there as in Europe. In addition to the analyses mentioned above, estimates of probability of occurrence and impact are determined for various biodiversity and environmental pollution aspects as part of the CSRD materiality analysis and the OpRisk scenario analysis and are also taken into account. Overall, biodiversity is classified as non-material for pbb.

Other environmental risks

Climate-related environmental risk factors have already been analysed in the context of transitional factors. To assess non-climate-related environmental factors, the industry-specific biodiversity scores mentioned in the previous section are used again, which are derived from various individual scores on environmental aspects. Therefore, the following factors were identified as relevant non-climate-related environmental factors from pbb's perspective: pollution/contamination, production of hazardous waste, reusability/recyclability, exploitation of marine resources and water consumption – high consumption intensity of properties/financing. The scores indicate which sectors have a high/moderate/low risk of negative impact on an environmental aspect. In addition, the impacts and probabilities of occurrence identified in the CSRD materiality analysis and the OpRisk scenario analysis are also determined and taken into account in the assessment. Finally, a qualitative assessment by the relevant experts from the REF and non-core segments is also required to assess the materiality of the factors mentioned, as the sector assessment cannot evaluate the Bank's specific exposures in detail.

For the REF segment, as for the assessment of acute climate risks for REF, external location-specific risk data can be obtained from a suitable provider using the location data of the properties and analysed, and loss expectations for the risk factors of volcanism, earthquakes and tsunamis can be used for the assessment. Similar to the assessment of acute climate risks, a materiality threshold is applied to the expected loss (credit risk) of all REF customers resulting from the aforementioned risk factors. In addition to this quantitative materiality assessment, an individual qualitative final expert judgement is mandatory.

For the non-core segment, risk data for tsunamis, volcanism and earthquakes is also considered for other, non-climate-related environmental risks. In the event of tsunamis, earthquakes or volcanic activity, similar business interruption risks and reconstruction costs arise, as do government subsidies or aid, as in the case of acute climate-related environmental events. This can weaken or strain the debtor's creditworthiness in the long term. The assessment is carried out in a similar way to physical climate risks in a three-stage process to determine the existential risk of other environmental risks, calculate the gross risk for borrowers, debtors or guarantors, and finally derive the net risk for these parties. The medium and high risk levels identify an environmental risk as exceeding the normal level of economic risk and must be regularly reviewed in the risk monitoring measures on an individual basis for potential losses to the bank due to increased default risks and assessed in the annual credit monitoring process. In view of other, non-climate-related environmental risks in the non-core segment, no economic risks exceeding the normal level are apparent and therefore no significant impact on debt servicing in the context of pbb's financing is to be expected.

Social and governance factors

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

The list of social and governance factors was derived from CSRD (overarching) topics required by regulatory authorities. For each risk factor, one or more scenarios within the CSRD were analysed in terms of IROs ("impacts, risks and opportunities") to determine whether there was "financial materiality" or "impact materiality". From a CSRD perspective, the overarching risk factor was classified as material if the assessment of at least one associated impact or risk scenario exceeded the defined materiality threshold. The results are net assessments, as mitigation measures are already taken into account in the assessment. The procedure is based on the approach set out in the ESRG 1 Double Materiality Conceptual Guidelines for Standard-Setting published by EFRAG in January 2022 and the materiality analysis methodology presented in EFRAG's ESRS 1. In a next step, the results of the CSRD workshops were forwarded to risk experts at pbb and reviewed in detail in a further cycle. This resulted in the final assessment of the materiality of the risk factors, with expert-based changes being made.

Results of the materiality assessment

The pbb Group has listed the results of the materiality assessment of the ESG factors in the 2025 risk inventory in the following table. The physical and transitional climate and environmental risks as well as social and governance factors listed there were identified as material. The portfolio relevance, time horizon and perspective are also listed.

Materiality of ESG risk factors

Type	Designation	Portfolio	Time horizon	Perspective
Environmental **Physical risk: acute climate risks**	Flood, storm (including cyclone, hurricane, typhoon)	REF / NC / C&A	Medium-term (1-5 years)	Financially material (outside-in)
	Heavy precipitation		Long-term (> 5 years)	
	Heatwave, landslide, forest fire	NC / C&A	Medium term (1-5 years)	
	Drought	NC / C&A	Long-term (> 5 years)	
	Tornado	REF	Medium-term (1-5 years)	
Physical risk: chronic climate risks	None	-	-	-
Physical risk: environmental factors	Pollution / contamination	REF	Short-term (less than 1 year)	Financially material (outside-in) and environmentally and socially material (inside-out)
	Volcanism, earthquakes	REF / NC / C&A	Short-term (less than 1 year)	Financially material (outside-in)
	Tsunami	REF	Short-term (< 1 year)	Financially material (outside-in)
Transitory risk factors	Low energy efficiency / high energy consumption, high CO_2 footprint (Scope 1, 2, 3 emissions)	REF / NC / C&A	Medium term (1-5 years)	Financially material (outside-in) and environmentally and socially material (inside-out)
	New sustainability and environmental regulations / CO_2 pricing	REF	Long term (> 5 years)	Financially material (outside-in)
	Market sentiment			Financially material (outside-in) and environmentally and socially material (inside-out)
Social **Risk factors**	None	-	-	-
Governance **Risk factors**	Unethical corporate culture, unethical corporate behaviour – greenwashing, supplier management/unethical supplier behaviour and payment practices, anti-competitive behaviour and political engagement or lobbying, corruption and bribery	-	Short-term (< 1 year)	Financially material (outside-in) and environmentally and socially material (inside-out)

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

Impact on risk types

Physical and transitory environmental risk factors influence the creditworthiness of customers and are therefore relevant to credit risk. The assessment was primarily based on the described impact channels on the financial materiality of the individual potential risk factors in relation to the real estate portfolio (REF business segment) and the Non-Core (NC) and C&A segments. In addition, the potential impact of transitory risk factors on credit risk was quantified in various (climate) scenarios using appropriate assumptions as part of the macroeconomic stress test. ESG risk is classified as immaterial in market risk as well as in liquidity and funding risk. There are currently no direct sustainability risks identifiable for either pbb's market risk position or its liquidity position. All material aspects of ESG risk that may be relevant to liquidity risk are already taken into account in the known prudential risk types (such as counterparty and market risk).

Some acute physical risk factors (heavy rainfall, storms and tornadoes) could, with 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. Furthermore, transitory, environmental and governance factors have a potential impact on reputational, legal and liability risks as well as business and strategic risk.

ESG risks in the rating process

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

- transitional climate risks (expressed by the CO_2 emissions of the properties) and
- physical environmental risks (measured by the "K.A.R.L." analysis data from "KA Köln.Assekuranz Agentur GmbH").

The technical ESG warning signal does not directly change the probability of default (PD) ("zero-notch warning signal").

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

The analyst can also activate the ESG warning signal manually to identify additional risks that were not detected automatically (e.g. other environmental risks, social risks, governance risks). In such cases, the analyst can then also make an expert-based, rating-downgrading manual correction to the PD rating.

Consideration in economic and regulatory capital

Based on the findings of the materiality analysis and risk inventory, including the results regarding the impact on the individual risk types, ESG risks could be taken into account in economic and regulatory capital and are thus fully integrated into the ICAAP.

Climate and environmental risks are taken into account in regulatory capital (i) by considering them in collateral valuation and (ii) by implementing a technical warning signal and an override option in the rating process. In the real estate business, these two measures aim to take climate and environmental risks into account for both standardised approach and F-IRB approach transactions.

To quantify economic capital, climate and environmental risks are explicitly taken into account in the risk models for operational risk, business and strategic risk, and credit risk. For the latter, this was implemented by means of a risk buffer. For other types of risk, such as market risk, the risk inventory determined that C&E risk contributions are not relevant.

In addition, climate and environmental risk-related stress effects are taken into account as part of the regular annual stress test programme. The scenarios considered were expanded to cover both physical and transitional risks, and the short-term transition scenario was designed as a reverse stress test.

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

- In order to broaden the focus to include potential events that manifest themselves over a long-term period, a combined long-term transition risk and chronic physical risk scenario was calculated. In this scenario, the period up to 2050 was considered under various climate transition paths.

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

Furthermore, the results of pbb's C&E stress tests are limited in terms of capital ratios and are therefore relevant for the implementation of its business model and capital management.

Consideration in the ILAAP

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

Risk management in banking

Environmental risks

From a risk perspective, the focus is on opportunities to exert influence across the entire commercial real estate financing value chain, starting with fundraising, through business development and overall loan management, to repayment or even the realisation of collateral. However, the focus is clearly on lending, risk assessment and the management of ESG risks in the portfolio.

ESG risks are managed within the pbb Group in accordance with the "three lines of defence" (3 LoD) principle, with the risk owners (division managers) of the various customer-facing/public-facing departments forming the first line of defence. The second line of defence is generally formed by the Risk Management & Control, Legal and Compliance departments, with support functions from HR and IT. The Group Internal Audit (GIA) department represents the third 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 analysis of physical risks and the offering of a selection of products based on intended use). The comparison of each property to be financed with the corresponding climate path (CRREM path) has been firmly established since April 2022 and supports the transformation of the portfolio to align with the overarching Paris climate target. The declared goal 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 across the entire portfolio by 2026. The share of sustainable properties in the evaluated REF portfolio was 85.9% as at 30 June 2025. In terms of the overall portfolio, the share of green assets reached 31.3%, and 36.5% in relation to the evaluated REF portfolio. As at 30 June 2025, sustainable properties accounted for 35.1% of new business volume.

Deviations from the strategic guidelines with regard to ESG require explicit approval by the Executive Board in the credit decision-making process for new business in office properties. Similarly, the commissioning of any mitigating measures (e.g. insurance, structural measures, etc.) with regard to (potential) physical e-risks is an essential component of the lending process.

In the existing business of the real estate portfolio, extensive subsequent collection of building data in recent years has enabled E-scoring to be applied to a very large part of the existing business, creating the basis for long-term climate management. This is not planned for the existing business in the non-core and C&A segments.

Social and governance risks

In light of the expected further clarification of regulatory requirements for the identification and management of external governance and social risks, pbb has begun to analyse relevant S and G sustainability criteria insofar as they are relevant to its business model. In order to comply with the relevant disclosure requirements, a process has been established to verify customer compliance with the so-called "minimum social safeguards" (MSS) in accordance with Article 18 of the EU taxonomy.

The pbb Group uses a workflow system (RWC) to efficiently design appropriate, continuous legal monitoring. This enables comprehensive and early identification of new developments (or changes) with regard to relevant regulatory requirements and specifications. It also supports the definition of suitable measures to comply with relevant regulations and specifications, their implementation and the corresponding monitoring of implementation. The workflow system also offers separate identification 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, and the prevention of fraud and other criminal offences, in particular the prevention of corruption. The pbb Group has taken appropriate precautions in this regard and, in addition to the Code of Conduct, has issued various other internal guidelines, instructions and process descriptions. Compliance monitors proper adherence to these requirements.

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). Based on a traffic light system, yellow and red thresholds have been defined for these risk indicators. The risk indicators are reported on a quarterly basis to the Risk Committee, the Executive Board and the division managers 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 refined. Surveillance and monitoring of environmental risk (outside-in perspective) currently focuses on the aspects of climate change mitigation and adaptation associated with the real estate properties we finance.

Internal risk reporting has established monitoring of exposures potentially affected by physical and transitional risks as well as environmental pollution risk for both the REF portfolio and the non-core portfolio. Information on E-related market risk sensitivities and ESG-related losses in the REF portfolio's operational risk also creates additional transparency in internal reporting. Internal reporting is continuously expanded in line with the available data. The quarterly KRI report contains portfolio information regarding transparency based on the total "scored" share and the share of the portfolio rated as "green".

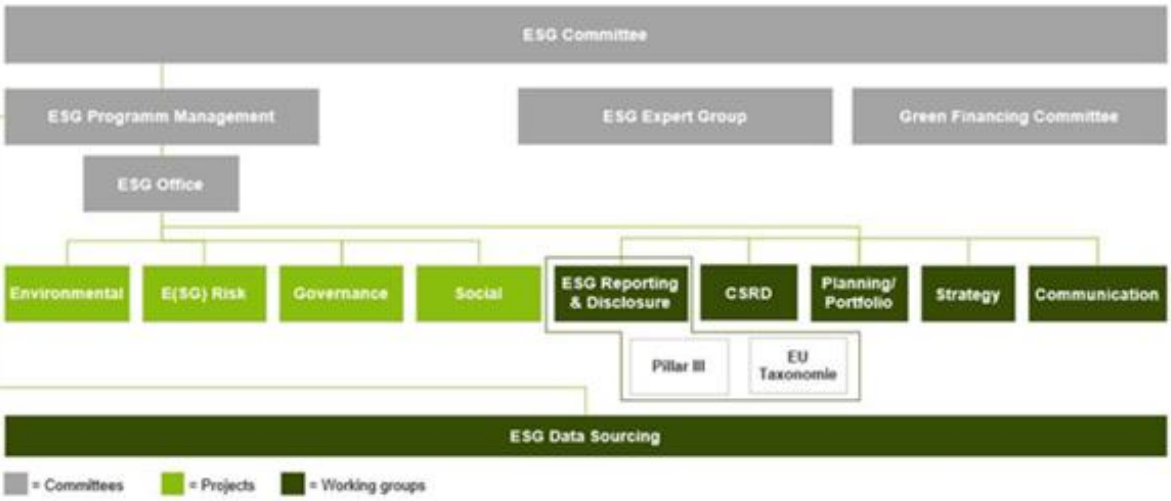
Organisation and responsibilities

The 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 gradually integrated into the individual divisions.

The ESG programme comprises four projects and six overarching working groups covering ESG topics that are particularly relevant to pbb (strategy, environment, social issues and good corporate governance, as well as ESG risk, data management, communication and reporting). In 2021, pbb's Executive Board established the ESG Committee as a specialist committee for steering and monitoring, comprising the Executive Board, division heads, members of ESG programme management and project managers. It is primarily responsible for developing an ESG business and risk strategy and for monitoring the corresponding implementation measures, and usually meets every two months. A quarterly report on the programme's progress is submitted to the Supervisory Board. When the programme was launched in 2021, the Executive Board also appointed an ESG Programme Management team, whose tasks are to support the ESG Committee and prepare the ESG Committee's decisions.

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 integration of ESG issues into the specialist departments and core processes ensures that ESG issues are firmly anchored within the pbb Group. Employees from different departments receive training tailored to their needs – from general basic training to self-learning modules (learning nuggets) available on the intranet to external ESG training courses for the targeted further training of ESG specialists in individual pbb departments. This is aimed in particular at exploiting synergy effects in the context of ESG issues, ensuring a smooth transition of ESG tasks into standard processes, and building up specialist ESG expertise in the various departments. To this end, a long-term ESG governance target has been developed, which the pbb Group is striving to achieve.

Remuneration

The pbb Group promotes behaviour in line with its climate, environmental and social risk approach within the framework of the variable remuneration component by linking variable remuneration to the achievement of corresponding ESG targets.

Once a year, pbb defines overarching strategic priorities for variable remuneration in accordance with the requirements of the remuneration strategy, which are closely linked to the key institutional objectives and plans derived from the business and risk strategy.

In its remuneration policy, the Supervisory Board takes sustainability-related performance indicators into account and is guided by the corporate strategic priorities. These include environmental aspects in the area of "portfolio and financing", social aspects relating to "further strengthening pbb as a modern and attractive employer" and corporate governance relating to "further strengthening pbb's governance".

pbb's strategic priorities have been anchored and specified in the divisional targets. pbb has thus integrated its climate and environmental risk approach into its variable remuneration system. The climate and environmental targets include, in particular, targets relating to the financing of properties classified as green and the consideration and minimisation of ESG risks in the context of credit analysis and the credit selection process.

The remuneration of the members of the pbb Group's Executive Board consists of fixed remuneration components that are not performance-related and variable remuneration that is performance-related. In order to take sustainability criteria into account appropriately in the remuneration of the members of the Executive Board, sustainability-related considerations are integrated into the variable remuneration. For this reason, the departmental and individual targets of the members of the Executive Board also include targets from the ESG area. For 2025, departmental and individual targets have been set, including the financing of properties classified as green, the overall sustainability strategy for 2025, and the consideration and minimisation of ESG risks in the context of credit analysis and the credit selection process. Key social sustainability targets have also been selected as departmental and individual targets for 2025, including the recruitment and promotion of young talent, retention, implementation of a programme to strengthen the corporate and leadership culture, and the promotion of diversity with a focus on women. The departmental and individual targets account for a total of 40% of variable remuneration. The number of departmental and individual targets varies from year to year, so no fixed percentage can be reported in this respect. In 2025, approximately 22% of the variable remuneration attributable to departmental and individual targets will depend on targets in the ESG area, which corresponds to approximately 13% of total variable remuneration.

Variable remuneration is determined in a uniform and formalised process across the Group. The calculation of variable remuneration is based on quantitative and qualitative targets that are taken into account at company, divisional and individual level. The qualitative and quantitative divisional targets are set annually and derived from the corporate targets and planning for the respective financial year. To this end, the members of the Executive Board first define overarching strategic priorities for the divisional targets (corporate strategic priorities). At the 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 thus also fundamentally on the corporate strategic priorities. The corporate strategic priorities for 2025 also included strategic priorities from the ESG area. In this way, the pbb Group wanted to continue promoting behaviours in line with its climate and environmental risk approach in 2025. In order to measure the degree to which a division has achieved its targets and thus to determine the variable remuneration, the 100% target value for the corresponding targets is defined in advance.

Climate and environmental risk

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

The pbb Group does not disclose information on the EU taxonomy eligibility and EU taxonomy compliance of risk positions (Tables EU ESG6 to EU ESG10 and EU ESG1, column c, and EU ESG4, column c) in relation to the no-action letter published by the EBA on 6 August 2025 (EBA/Op/2025/11).

Climate and environment – transition risks from climate change

EU ESG1: Investment portfolio – indicators of potential transition risks from climate change: credit quality of exposures by sector, emissions and residual maturity

Table EU ESG1 shows a breakdown of exposures (loans and credits, debt securities, equity instruments) to non-financial corporations operating in economic sectors (according to 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 exposures and their maturity structure (remaining maturity). 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 Table EU ESG1 is the FINREP system (the reporting of financial information in accordance with IFRS).

The financed CO_2 emissions in tonnes of CO_2 equivalents (tCO_2e) are calculated in accordance with the international standard for measuring CO_2 emissions of the Partnership for Carbon Accounting Financials (PCAF). The underlying PCAF calculation methodology for real estate clients is based on the financial share of a loan in a financed property and the total emissions of the respective property. To calculate the CO_2 emissions of real estate clients, the 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 the actual electricity and energy consumption of the financed properties and PCAF proxies are used to calculate approximate emissions.
- Financed Scope 3 emissions of real estate customers are calculated on the basis of industry averages using economic emission factors.

For companies in the non-core segment of the pbb Group, the total calculation of CO_2 emissions is based on industry averages using economic emission factors.

The calculation models are still undergoing continuous development.

In line with the pbb Group's business model, whose core business is commercial real estate financing, 97% of these risk positions vis-à-vis non-financial companies relate to the economic sectors "L – Real estate and housing" (€27.2 billion, line 52) and "F – Construction" (€204 million, line 40). The remaining economic sectors together account for around 3% and, viewed individually, less than 1% of risk exposures.

The pbb Group does not have 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.) in its portfolio (EU ESG1, column b).

EU ESG1: Off-balance sheet – 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 tons 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	thereof non-performing exposures		thereof Stage 2 exposures	thereof non-performing exposures		thereof Scope 3 financed emissions		<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Average weighted maturity
	All figures in £ million, unless otherwise stated																
1	**Exposures towards sectors that highly contribute to climate change***	**27,501**	**0**	**0**	**5,474**	**2,022**	**-782**	**-155**	**-602**				**24,444**	**2,414**	**592**	**107**	**3**
2	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-				-	-	-	-	-
3	B - Mining and quarrying	-	-	-	-	-	-	-	-				-	-	-	-	-
4	B.05 - Mining of coal and lignite	-	-	-	-	-	-	-	-				-	-	-	-	-
5	B.06 - Extraction of crude petroleum and natural gas	-	-	-	-	-	-	-	-				-	-	-	-	-
6	B.07 - Mining of metal ores	-	-	-	-	-	-	-	-				-	-	-	-	-
7	B.08 - Other mining and quarrying	-	-	-	-	-	-	-	-				-	-	-	-	-
8	B.09 - Mining support service activities	-	-	-	-	-	-	-	-				-	-	-	-	-
9	C - Manufacturing	20	-	-	20	-	-	-	-				-	20	-	-	6
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	20	-	-	20	-	-	-	-				-	20	-	-	6

		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 tons 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**	**thereof non-performing exposures**		**thereof Stage 2 exposures**	**thereof non-performing exposures**		**thereof Scope 3 financed emissions**		**<= 5 years**	**> 5 years <= 10 years**	**> 10 years <= 20 years**	**> 20 years**	**Average weighted maturity**
All figures in £ million, unless otherwise stated																	
21	C.21 - Manufacture of pharmaceutical preparations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	C.22 - Manufacture of rubber products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	C.23 - Manufacture of other non-metallic mineral products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	C.24 - Manufacture of basic metals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	C.26 - Manufacture of computer, electronic and optical products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	C.27 - Manufacture of electrical equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	C.28 - Manufacture of machinery and equipment n.e.c.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	C.30 - Manufacture of other transport equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	C.31 - Manufacture of furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	C.32 - Other manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	C.33 - Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	D - Electricity, gas, steam and air conditioning supply	17	-	-	-	-	-	-	-	81,194	6,384	-	3	14	-	-	5
35	D35.1 - Electric power generation, transmission and distribution	17	-	-	-	-	-	-	-	81,194	6,384	-	3	14	-	-	5
36	D35.11 - Production of electricity	17	-	-	-	-	-	-	-	81,194	6,384	-	3	14	-	-	5
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	51	-	-	-	-	-	-	-	48,388	25,628	-	5	46	-	-	8

		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 tons 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**	**thereof non-performing exposures**		**thereof Stage 2 exposures**	**thereof non-performing exposures**		**thereof Scope 3 financed emissions**		**<= 5 years**	**> 5 years <= 10 years**	**> 10 years <= 20 years**	**> 20 years**	**Average weighted maturity**
All figures in £ million, unless otherwise stated																	
40	F - Construction	204	-	-	-	-	-	-	-	2,092	1,839	12	204	-	-	-	2
41	F.41 - Construction of buildings	204	-	-	-	-	-	-	-	2,092	1,839	12	204	-	-	-	2
42	F.42 - Civil engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	F.43 - Specialised construction activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	H - Transportation and storage	25	-	-	18	-	-	-	-	38,711	34,838	-	18	-	6	-	6
46	H.49 - Land transport and transport via pipelines	6	-	-	-	-	-	-	-	590	561	-	-	-	6	-	12
47	H.50 - Water transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	H.51 - Air transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	H.52 - Warehousing and support activities for transportation	18	-	-	18	-	-	-	-	38,120	34,277	-	18	-	-	-	3
50	H.53 - Postal and courier activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	I - Accommodation and food service activities	55	-	-	-	-	-	-	-	3,151	2,789	-	55	-	-	-	4
52	L - Real estate activities	27,185	-	-	5,435	2,022	-782	-154	-602	658,791	449,653	26	24,158	2,334	586	107	3
53	**Exposures towards sectors other than those that highly contribute to climate change***	**640**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	201,195	157,800	1	**171**	**72**	**299**	**98**	**11**
54	K - Financial and insurance activities [5]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Exposures to other sectors (NACE codes J, M - U)	585	-	-	-	-	-	-	-	198,043	155,011	1	115	72	299	98	12
56	**Total**	**28,142**	**0**	**0**	**5,474**	**2,022**	**-782**	**-155**	**-602**	**1,044,214**	**685,062**	**25**	**24,559**	**2,486**	**891**	**205**	**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 relevant or most significant 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 value adjustments on financial assets, after depreciation, before application of credit risk mitigation techniques – of loans and credits, debt securities and equity instruments in the banking book, i.e. excluding financial assets held for trading or held for sale.

[3] Exposures to companies that are excluded from the 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 the counterparties' Scope 1/2/3 emissions is already available.

[5] In line with the adjustment of the validation rules in DPM 4.1, sector I is assigned to "exposures to sectors other than those that contribute significantly to climate change".

[6] Row 54 (sector K) includes exposures to non-financial corporations (according to FINREP); exposures to credit institutions and other financial corporations are not included.

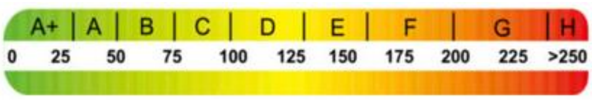
EU ESG2: Investment book – indicators for potential transition risks from climate change: loans secured by real estate – energy efficiency of collateral

Table EU ESG2 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 secured by commercial and residential real estate and for repossessed real estate collateral. The energy efficiency of commercial and residential real estate is shown on the basis of specific energy consumption (in kWh/m($^{2)}$)or the EPC label (Energy Performance Certificate, EPC) of the underlying real estate collateral. The risk positions are broken down according to the geographical location of the real estate collateral (EU and non-EU).

In the pbb Group's commercial real estate financing, the portfolio continues to be dominated by investment financing. This includes the financing of properties whose debt servicing capacity is primarily based on the current cash flow from the property. The financed properties 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 secured by real estate, 83% relate to commercial properties and 17% to residential properties. Geographically, the pbb Group's focus as at the disclosure date is on Western Europe, with 82% of risk positions attributable to EU countries and 18% to non-EU countries.

The general data basis for Table EU ESG2 is the FINREP system (the reporting of financial information in accordance with IFRS). For 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) thus shows the risk positions for which an EPC label (Energy Performance Certificate) for the property security is available. 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 classify 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 the property type and year of construction. Lines 5 and 10 show the extent to which energy efficiency was estimated in the absence of an EPC label versus final energy consumption. The methodology used to estimate final energy consumption (kWh/m^2) and the statistical data sources used are described below.

Each residential property with a known EPC label was assigned to an EPC range based on the German EPC classification for residential buildings. For each residential property with a known EPC label, information on final energy consumption per year in kWh/m^2 is also available. In Germany, there is no scale with uniform standards for energy efficiency labels for commercial properties. 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 per year (abbreviated: kWh/m^2 a).

The average final energy consumption for residential buildings has fallen steadily with more recent construction years, as shown in the table below. The statistical averages form the basis for the estimation function of final energy consumption by construction year.

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 a property type-dependent scaling.

In addition, the average final energy consumption, which varies depending on the building category, is 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 thus corresponds to the average value for the year of construction according to 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/Studies/preliminary-studies-on-long-term-renovation-strategy-supplement.pdf?__blob=publicationFile&v=6).

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

EU ESG2: Investment book – indicators for potential transition risks from climate change: Loans secured 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 estimated level of energy efficiency [4]
All figures in € million, unless otherwise stated																	
1	**Total EU area**	**23,009**	**8,863**	**10,601**	**2,451**	**882**	**171**	**41**	**1,485**	**1,695**	**1.735**	**1.337**	**591**	**379**	**637**	**15,151**	**19**
2	thereof Loans secured by commercial immovable property	18,655	7,340	7,854	2,371	877	171	41	1,203	1,274	1,402	844	278	155	576	12,923	16
3	thereof Loans secured by residential immovable property	4,354	1,523	2,746	80	5	-	-	282	421	333	493	313	224	61	2,229	30
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	5.051	1,311	3,184	556	-	-	-								5,051	100
6	**Total non-EU area**	**4,941**	**866**	**2,911**	**520**	**275**	**103**	**266**	**483**	**955**	**173**	**71**	**3**	**-**	**-**	**3,255**	**29**
7	thereof Loans secured by commercial immovable property	4,656	866	2,626	520	275	103	266	483	955	173	71	3	-	-	2,970	26
8	thereof Loans collateralised by residential immovable property	286	-	286	-	-	-	-	-	-	-	-	-	-	-	286	83
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	1.793	155	1,476	161	-	-	-	-	-	-	-	-	-	-	1,793	100

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

EU ESG3: Asset register – indicators for potential transition risks from climate change: adjustment parameters

The EU ESG3 table contains information on the pbb Group's sustainability efforts to align with the goals of the Paris Climate Agreement for specific economic sectors (according to IEA sectors and NACE sectors). The information refers to the "net zero emissions by 2050" (Net Zero Emissions by 2050 Scenario, NZE2050 Scenario) of the International Energy Agency (IEA) and shows the alignment parameters used by the pbb Group, the deviation from the climate path and the targets for each relevant economic sector. EU ESG3 includes risk positions (loans and credits, bonds, equity instruments) vis-à-vis non-financial corporations. The data is based on the FINREP system (the reporting of financial information in accordance with IFRS).

The EU ESG3 table shows only the alignment metric for the REF portfolio (various NACE sectors). Although the pbb Group also has risk exposures in other climate-relevant (NACE) sectors, these are immaterial compared to the REF portfolio. Furthermore, the non-strategic non-core segment is to be gradually reduced by excluding new business. Strategic management of business to achieve the NZE2050 scenario is therefore already ensured by the exclusion of new business. In this respect, the pbb Group refrains from disclosing corresponding explanations for non-core exposure in Table EU ESG3. As the NACE codes listed in Table EU ESG3 partly contain non-core portfolios, the total gross carrying amounts differ from those in Template EU ESG1.

The pbb Group uses the international PCAF standard to calculate financed emissions in the financial sector. The emission data for financed real estate properties is calculated using the emission data provided by the counterparties and, in the event of missing information, using PCAF proxies. Emission data is available for each property financed by pbb in various data quality levels. pbb uses the PCAF data quality score classification from one to four for this purpose. For data with data quality scores of one to three, data from the energy performance certificates (consumption certificates or demand certificates) of customers is used, which was obtained from its own customers during data collection and is received by the pbb Group through standard processes. As a rule, these energy performance certificates only include CO_2 emissions. Data with a data quality score of four is estimated using PCAF emission factors based on the type of property and the country in which the financed property is located. For the real estate sector, contrary to the requirements of Implementing Regulation (EU) 2022/2453, the climate pathway of the IEA NZE2050 is not used, but rather the climate pathway according to Carbon Risk Real Estate Monitor (CRREM) Global Pathways. This deviation was made because the CRREM climate pathway is more suitable for the real estate financing sector, which is dominant in the pbb Group, due to its differentiated consideration of the country and the intended use of the property, whereas the IEA NZE2050 only provides for a single global pathway. Scope 3 emissions are excluded when determining deviations from the CRREM pathway. The calculation is based on the continuation of the strategy first defined in 2023 for 2024, which was determined taking into account Scope 1 and Scope 2 emissions.

The target is a decarbonisation path by 2050, which was developed on the basis of pbb's core financing portfolio of the five main property types (residential, office, retail, industrial/logistics and hotel/leisure) without PCAF proxies and taking into account data from Scope 1 and Scope 2 emissions. The pbb Group has modelled various scenarios for this purpose. pbb's business planning up to 2027 forms the basis for all scenarios. This takes into account planned changes in sales volume or shifts in the bank's product portfolio up to 2027. The planning for 2027 was used as the basis for the further course of events up to 2050. Changes to the business plan are continuously taken into account through annual updates, which may lead to target adjustments if necessary. The CRREM path (CRREM Global Pathways V2) was used as a reference path for defining the targets, as this is the general market standard for deriving decarbonisation paths for the real estate sector. A pbb-specific reference path was developed based on country- and building-type-specific sub-CRREM paths. The targets developed are based on a reduction path that takes into account the pbb REF portfolio as of the reporting date and approximates the pbb-specific reference path. Due to the methodology chosen, the decarbonisation pathway takes into account the assumptions and methodologies underlying the CRREM pathways, which means that assumptions about regulatory factors and new technologies are included in the targets. Furthermore, annual portfolio growth and an increase in green financing were assumed.

EU ESG3: Investment portfolio – 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)] (minimum)**	**Gross carrying amount of the portfolio [3)]**	**Alignment metric [4)] (in tCO_2/m^2)**	**Year of reference [5]**	**Distance to IEA scenario NZE2050 [6)] (in %)**	**Target [7)] (year of reference + 3 years)**
1	Real estate activities	L68, F41, I, M-S	27,256	0.03948	2025	2	0.0372

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

[2)] Industry sectors in accordance with the NACE Regulation (EU), the statistical classification of economic activities in the European Community (Nomenclature Générale des Activités Économiques dans les Communautés Européennes, NACE). The classification according to the NACE code of the counterparty is based on the main business activity of the immediate counterparty (such as the immediate borrower, counterparty or issuer of the securities) or that of the most relevant or most decisive debtor.

[3)] Gross carrying amount – before deduction of value adjustments on financial assets, after depreciation, before application of credit risk mitigation techniques – of loans and credits, debt securities and equity instruments in the banking book, i.e. excluding financial assets held for trading or held for sale.

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

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

[6)] Time gap between the alignment parameters (in %) and the data points applicable for 2030 in the "Net Zero Emissions by 2050" scenario (NZE2050). 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 pathway.

[7)] Target set by the pbb Group for 3 years based on the reference year (column e) and with regard to the alignment parameters (column d). The target refers to Scope 1 and Scope 2 emissions. The calculation is made without taking proxy data into account.

EU ESG4: Investment portfolio – indicators for potential transition risks from climate change: risk positions vis-à-vis the 20 most CO_2-intensive companies

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

Climate and environment – physical risk

EU ESG5: Investment book – Indicators of potential physical risks from climate change: Risk exposures with physical risk

The EU ESG5 table contains information on risk exposures (loans and credits, debt securities and equity instruments) to non-financial corporations, loans secured by real estate and repossessed real estate collateral that may be exposed to physical risk (chronic and acute hazards) from climate change. In addition, the table contains information on the credit quality and maturity structure/residual maturity of these exposures. In line 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. The pbb Group shows the table for Germany and a summary for all other countries as geographical areas that may be vulnerable to certain climate-related hazards.

Germany alone accounts for around 32% of these risk exposures to non-financial corporations, 99% of which are in the economic sectors "L – Real estate and housing" and "F – Construction". The other countries (excluding Germany) account for around 68% of the risk exposures, 97% of which are in the economic sectors "L – Real estate and housing" and "F – Construction".

There are no risk exposures in Germany or other countries that are vulnerable only to the effects of chronic events resulting from climate change. A physical risk is classified as chronic if it is the result of gradual changes (such as rising sea levels). A physical risk is considered acute if it arises from extreme events (such as droughts, floods and storms). Exposures that are only vulnerable to the effects of acute events resulting from climate change amount to €523 million in Germany, representing 6% of exposures attributable to Germany, and €5,717 million in the other countries combined, representing 30% of exposures attributable to these countries. Risk exposures that are vulnerable to the effects of both chronic and acute events resulting from climate change amount to €19 million in Germany, representing 0.2% of the risk exposures attributable to Germany, and €211 million in the other countries combined, representing around 1% of the risk exposures attributable to these countries.

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

The physical risk assessments for secured 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 the 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 for this purpose.

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

As part of the risk assessment in the risk inventory, each object 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 specified by the external sources used (K.A.R.L. data, ThinkHazard, WRI Aqueduct). The climate risks from wildfires and landslides are an exception; these were reviewed by pbb experts and supplemented by an analysis of vegetation and elevation profiles for relevant objects. The pbb Group thus covers all of the physical climate risks listed as examples in the DVO (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 object or counterparty was rated at the second-highest level for at least one of the acute risks considered, this object was identified 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 the risk for the pbb Group. In addition, the assessment should be viewed as a gross view, i.e. before any risk mitigation techniques and individual climate analysis (e.g. through insurance and/or the possibility of structural measures on the part of the borrower, as well as possible changes to contract terms or special due diligence on the part of the bank).

The risk assessments for flooding, heavy rain, storm surges, storms, tornadoes and hail were carried out on the basis of K.A.R.L. data (Köln.Assekuranz Risiko Lösungen). K.A.R.L. offers an analysis tool for the location-specific and property-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 site) using an object type-specific damage function. The EU ESG5 table was thus populated 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-level 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	0.1
Medium risk	0.1	0.7
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, landslides, sea level rise and coastal erosion were assessed using publicly available hazard maps from ThinkHazard (a World Bank project) and WRI Aqueduct (standard setter for the Greenhouse Gas Protocol). The assessment fully follows the method defined by ThinkHazard, using the thresholds 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).

The classification of territorial units for statistics (Nomenclature des Unités territoriales statistiques; NUTS) and the division of the European Union into EU regions were used for the risk assessment of geographical units. For non-European areas, the area was approximated using a geocoordinate and a realistic radius of impact.

EU ESG5: Investment book – indicators for potential physical risks from climate change: risk positions 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												
			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 from both chronic and acute climate change events	thereof Stage 2 exposures	thereof non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	Variable: Geographical area subject to climate change physical risk - acute and chronic events [2) 3)] Germany		<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years [4]	Average weighted maturity							thereof Stage 2 exposures	thereof non-performing exposures
	All figures in £ million, unless otherwise stated														
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	3	3	-	-	-	4	-	3	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	204	-	-	-	-	2	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	8,715	435	16	5	8	3	-	445	19	3	114	-	-	-
10	Loans secured by residential immovable property	3,138	91	8	3	8	4	-	100	10	3	-	-	-	-
11	Loans secured by commercial immovable property	5,738	346	3	-	-	2	-	340	9	-	114	-	-	-
12	Repossessed collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors	108	1	-	73	-	11	-	75	-	-	-	-	-	-
13a	M - Professional, scientific and technical activities	32	-	-	-	-	-	-	-	-	-	-	-	-	-
13b	Q - Human health services and social work activities	74	1	-	73	-	11	-	74	-	-	-	-	-	-
13c	S - Other services	1	1	-	-	-	2	-	1	-	-	-	-	-	-

[1] Gross carrying amount – before deduction of value adjustments on financial assets, after depreciation, before application of credit risk mitigation techniques – of loans and credits, debt securities and equity instruments in the banking book, i.e. excluding financial assets held for trading or available 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 relevant 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 physical risk (chronic and acute hazards) due to climate change is based on the location of the debtor, i.e. the usual place of residence of the debtor or the location of the assets (real estate) in the case of specialised financing.
[4] The maturity band "> 20 years" may also include exposures that do not have a fixed remaining maturity for reasons other than the counterparty being able to choose the repayment date, in accordance with EBA/ITS/2022/01.

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

	Variable: Geographical area subject to climate change physical risk - acute and chronic events [2] [3] **Other countries (excluding Germany)** All figures in £ million, unless otherwise stated	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												
			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 from both chronic and acute climate change events**	**thereof Stage 2 exposures**	**thereof non-performing exposures**	**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		
			<= 5 years	**> 5 years <= 10 years**	**> 10 years <= 20 years**	**> 20 years** [4]	**Average weighted maturity**							**thereof Stage 2 exposures**	**thereof non-performing exposures**
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	20	-	20	-	-	6	-	20	-	20	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	14	-	14	-	-	6	-	14	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	51	5	46	-	-	8	-	51	-	-	-	-	-	-
6	F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transportation and storage	25	18	-	6	-	6	-	25	-	18	-	-	-	-
9	L - Real estate activities	18,470	5,010	146	146	-	2	-	5,091	211	2,187	719	-424	-97	-322
10	Loans secured by residential immovable property	1,360	481	18	-	-	2	-	498	1	204	85	-6	-2	-4
11	Loans secured by commercial immovable property	16,949	4,521	124	-	-	2	-	4,434	210	1,984	631	-414	-95	-315
12	Repossessed collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors	532	145	63	226	82	12	-	516	-	-	-	-	-	-
13a	I - Accommodation and food service activities	55	55	-	-	-	4	-	55	-	-	-	-	-	-
13b	M - Professional, scientific and technical activities	49	2	-	46	-	13	-	49	-	-	-	-	-	-
13c	N - Administrative and support service activities	46	46	-	-	-	2	-	46	-	-	-	-	-	-
13d	P - Education	317	41	63	179	34	13	-	317	-	-	-	-	-	-
13e	Q - Human health services and social work activities	64	-	-	-	48	22	-	48	-	-	-	-	-	-

[1] Gross carrying amount – before deduction of value adjustments on financial assets, after depreciation, before application of credit risk mitigation techniques – of loans and credits, 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 relevant 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 physical risk (chronic and acute hazards) due to climate change is based on the location of the debtor, i.e. the debtor's habitual residence or the location of the assets (real estate) in the case of specialised financing.

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

Outlook

Pillar 3 disclosure requirements

Since 1 January 2025, banks in the EU have been subject to the CRR III/CRD VI banking package ("Basel IV") regulations, which were adopted to further strengthen banking regulation and promote market discipline. The new CRR rules – including new and amended disclosure requirements under Part 8 of the CRR – have direct effect and were to be applied by banks for the first time on the disclosure date of 31 March 2025.

Technical implementation standards pursuant to Article 434a CRR, i.e. uniform disclosure formats and specifications of the EBA for the fulfilment of the adapted disclosure requirements of Part 8 of the CRR, are laid down in Implementing Regulation (EU) 2024/3172 (the so-called Pillar 3 framework). This Pillar 3 framework, which has been in force since 1 January 2025, repealed Implementing Regulation (EU) 2021/637, which set out uniform disclosure formats until the end of 2024.

On 22 May 2025, the EBA launched a public consultation on the revision of Pillar 3 disclosure requirements. The consultation paper EBA/CP/2025/07 "Draft Implementing Technical Standards amending Commission Implementing Regulation (EU) 2024/3172, as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities" is intended to complete the implementation of the Pillar 3 disclosure requirements introduced by CRR III, including a review of the disclosure of ESG risks and the disclosure of information on shadow banking entities and equity exposures. The consultation ran until 22 August 2025.

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Certification by the Management Board

pursuant to Article 431(3) sentences 1 to 3 CRR

The Management Board of pbb certifies to the best of its knowledge that this disclosure report has been prepared in accordance with and in compliance with the formal procedures and regulations implemented within the pbb Group to fulfil the disclosure requirements under Part 8 of the CRR.

Munich, 16 September 2025

Deutsche Pfandbriefbank AG

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