DEUTSCHE PFANDBRIEFBANK

Disclosure Report

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

as at 31 March 2025

Deutsche Pfandbriefbank Group

Overview

Deutsche Pfandbriefbank Group ("pbb Group")

EU KM1: Key parameters

	All figures in € million, unless otherwise stated	a 31.03.2025	b 31.12.2024	c 30.09.2024	d 30.06.2024	e 31.03.2024
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	2,780	2,974	2,955	2,934	2,854
2	Tier 1 capital	3,078	3,271	3,253	3,232	3,152
3	Total capital	3,323	3,544	3,555	3,562	3,511
	Risk-weighted exposure amounts (RWA)					
4	Total risk-weighted exposure amount	17,699	20,630	20,436	20,925	18,829
4a	Total risk exposure pre-floor	17,699	-	-	-	-
	Capital ratios (as a percentage of RWA)					
5	Common Equity Tier 1 ratio (%)	15.7	14.4	14.5	14.0	15.2
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	15.7	-	-	-	-
6	Tier 1 ratio (%)	17.4	15.9	15.9	15.4	16.7
6b	Tier 1 ratio considering unfloored TREA (%)	17.4	-	-	-	-
7	Total capital ratio (%)	18.8	17.2	17.4	17.0	18.6
7b	Total capital ratio considering unfloored TREA (%)	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	3.0	3.0	3.0	3.0
EU 7e	of which: to be made up of CET1 capital (percentage points)	1.8	1.7	1.7	1.7	1.7
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	2.4	2.3	2.3	2.3	2.3
EU 7g	Total SREP own funds requirements (%)	11.25	11.0	11.0	11.0	11.0
	Combined buffer and overall capital requirement (as a percentage of RWA)					
8	Capital conservation buffer (%)	2.50	2.50	2.50	2.50	2.50
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.80	0.70	0.71	0.72	0.76
EU 9a	Systemic risk buffer (%)	0.14	0.12	0.12	0.12	0.07
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.44	3.32	3.33	3.34	3.33
EU 11a	Overall capital requirements (%)	14.69	14.32	14.33	14.34	14.33
12	CET1 available after meeting the total SREP own funds requirements (%)	7.5	6.2	6.4	6.0	7.7
	Leverage ratio					
13	Total exposure measure	41,812	43,663	44,998	45,482	49,373
14	Leverage ratio (%)	7.4	7.5	7.2	7.1	6.4
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0

	All figures in € million, unless otherwise stated	a 31.03.2025	b 31.12.2024	c 30.09.2024	d 30.06.2024	e 31.03.2024
	Liquidity coverage ratio (LCR)					
15	Total high-quality liquid assets (HQLA) (weighted value - average)	3,663	3,724	3,783	3,551	3,443
EU 16a	Cash outflows - total weighted value	1,776	1,878	2,096	2,119	2,186
EU 16b	Cash inflows - total weighted value	415	496	692	700	667
16	Total net cash outflows (adjusted value)	1,361	1,382	1,404	1,418	1,518
17	Liquidity coverage ratio (%)	283	290	301	281	249
	Net stable funding ratio (NSFR)					
18	Total available stable funding	36,741	36,617	37,948	38,204	38,527
19	Total required stable funding	31,705	31,584	32,582	33,338	35,288
20	NSFR ratio (%)	116	116	116	115	109

Note:

The monetary values in the Disclosure Report of the pbb Group are shown in millions of euros in accordance with Article 25 No. 4 letter a of Regulation (EU) 2024/3172 (Pillar 3 framework). The figures are commercially rounded. Due to rounding, the totals shown in the tables may differ slightly from the arithmetical totals of the individual figures shown. Individual figures of less than € 500 thousand are generally not shown due to commercial rounding; these are shown as zero or as zero balances with a dash. When disclosing information, the principle of materiality pursuant to Article 432 (1) CRR is observed.

With regard to the Capital Requirements Regulation (CRR)/Capital Requirements Directive (CRD) regulations, there is still uncertainty as to how some of these regulations are to be interpreted, and some of the related mandatory regulatory standards are not yet available in their final version. Therefore, Deutsche Pfandbriefbank AG ("pbb") will continuously adjust assumptions and models as the understanding and interpretation of the rules and those of the industry evolve. Against this background, current CRR/CRD metrics may not be comparable with previous expectations. CRR/CRD metrics may also not be comparable with similarly labelled metrics of competitors, as their assumptions and estimates may differ from those of pbb.

Since the disclosure date of 30 June 2024, pbb Group has been using the Foundation Internal Ratings Based Approach (F-IRBA), which is hereinafter referred to as the "IRB Approach (IRBA)", to determine the own funds requirements for Credit risk. For a transitional period until CRR III ("Basel IV") comes into force on 1 January 2025, the calculation of risk-weighted exposure values under F-IRBA was calibrated to standardised risk parameters. Against this background, the values reported as at the disclosure date of 31 March 2025 are only comparable to a limited extent with the values reported for reporting dates prior to 31 March 2025 or in previous periods.

Table of contents

Introduction

Deutsche Pfandbriefbank ("pbb")

The Deutsche Pfandbriefbank Group ("pbb Group") consists mainly of the parent company Deutsche Pfandbriefbank AG ("pbb"). Headquartered in Munich/Garching, pbb is a leading European specialist bank for commercial real estate finance (Real Estate Finance, REF) with a focus on Pfandbrief-eligible business. Its geographical focus is on Europe and the USA. It issues Mortgage Pfandbriefe collateralised by real estate liens and is one of the largest issuers of Pfandbriefe in terms of outstanding volume, making it an important issuer of covered bonds in Europe. In its core markets, pbb offers its clients a strong local presence with expertise across all functions of the financing process. Thanks to its expertise in structuring loans, its cross-border approach and its cooperation with financing partners, pbb realises both complex financings and cross-border transactions.

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

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

Objective 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 of the reporting date 31 March 2025.

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

In accordance with Article 4 (1) No. 146 CRR, pbb is a large institution and thus implements the frequency requirements pursuant to Article 433a CRR. The relevant disclosure period for this report is from 31 December 2024 to 31 March 2025. In accordance with Article 433a (1) (c) CRR, this Disclosure Report includes information on

- the key parameters (key metrics)
- the own funds requirements and risk-weighted exposure amounts (RWA),
  the effects of the application of capital floors ("output floor")
- the liquidity coverage ratio (LCR).

The new tables EU CMS1 "Comparison of modelled and standardised risk-weighted exposure amounts at risk level" and EU CMS2 "Comparison of modelled and standardised risk-weighted exposure amounts for credit risk at asset class level" as well as EU CVA4 "RWA flow statement of the risk of an adjustment of the credit valuation according to the standardised approach" in accordance with the Pillar 3 framework are disclosed by the pbb Group for the first time as of 31 March 2025.

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

The tables EU MR2-B "RWA flow statement of market risks under the internal models approach (IMA)" and EU CCR7 "RWA flow statements of CCR risk positions under the IMM" are not relevant for the pbb Group. The pbb Group currently uses neither its own internal models approach (IMA) for calculating the own funds requirement for Market risk nor an internal model method (IMM) for Counterparty credit risk. Similarly, the table EU CVA4 "RWA flow statement of the risk of a credit valuation adjustment under the standardised approach (SA)" is not relevant for the pbb Group. The pbb Group calculates the own funds requirements for the CVA risk according to the reduced basic approach (R-BA).

Formal procedures and rules for the fulfilment of disclosure requirements

For the fulfilment of the Pillar 3 disclosure requirements, the pbb Group has implemented formal procedures and regulations and documented them in a disclosure guideline. Further information on this is described in the Disclosure Report as at 31 December 2024 (chapter "Introduction", page 6).

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

Means of Disclosure

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

Scope of application

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

The basis is the regulatory scope of consolidation in accordance with Articles 18 to 24 CRR. There are no differences between the regulatory scope of consolidation and the accounting scope of consolidation for pbb's consolidated financial statements (IFRS) as of the disclosure date. Disclosure on the basis of the consolidated situation requires that business relationships within the pbb Group are netted and intragroup transactions are eliminated. The regulatory values and key figures are determined on the basis of the IFRS accounting standards, the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

A list of pbb's subsidiaries consolidated for regulatory purposes is included in the Disclosure Report as at 31 December 2024 (chapter "Regulatory and accounting consolidation", page 26 f.), table EU LI3 "Description of the differences between the basis of consolidation (by individual company) ".

In the first quarter of 2025, pbb established 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, each of which has its registered office in Wilmington, Delaware, USA, and its administrative headquarters in Atlanta, Georgia, USA. These companies had no assets, liabilities or equity as at 31 March 2025, which is why they were not included in the consolidated quarterly financial statements as at 31 March 2025. The companies are classified as financial institutions for regulatory purposes in accordance with Article 4 para. 1 no. 26 CRR.

Furthermore, Munich-based pbb invest GmbH was established in March 2025, whose sole shareholder is Munich-based pbb Beteiligungs GmbH, a wholly-owned subsidiary of pbb. The company's share capital amounts to € 25,000. As pbb invest GmbH did not have any assets apart from the shareholder contribution as of the balance sheet date, it was not included in the consolidated quarterly financial statements. For regulatory purposes, pbb Beteiligungs GmbH is classified as a provider of ancillary services in accordance with Article 4 (1) No. 26 CRR and, pursuant to Article 19 (1) CRR in conjunction with Section 31 (3) KWG, is excluded from the consolidated quarterly financial statements. § 31 (3) KWG from the regulatory scope of consolidation.

Waiver rule according to CRR

In the first quarter of 2025, pbb continued to utilise the relief provided by the waiver rule pursuant to Article 7 (3) CRR as well as a waiver granted by the ECB pursuant to section 2a (2) KWG. Further information on this can be found in the Disclosure Report as at 31 December 2024 (chapter "Introduction", page 7 f.). The pbb Group has not utilised consolidation on an individual basis in accordance with Article 9 CRR.

Own funds requirements and RWA

Own funds requirements and RWA

This chapter shows the material changes in the key parameters (EU KM1) for the pbb Group in accordance with article 447 CRR as well as information on the own funds requirements and the risk-weighted exposure amounts (RWA) in accordance with article 438 CRR. As the parent company of the banking group within the meaning of section 10a KWG in conjunction with section 11 et seq. Article 11 et seq. CRR, pbb is responsible for compliance with the own funds requirements on a summarised basis (regulatory scope of consolidation).

Key parameters

The table EU KM1 in accordance with Article 447 (a) to (g) and Article 438 (b) CRR is intended to provide market participants with an overview of the key parameters for the pbb Group. Specifically, these are the available Own funds, the risk-weighted exposure amounts, the capital ratios and capital buffers, the capital requirements of the ECB's Supervisory Review and Evaluation Process (SREP) which go beyond the existing regulatory requirements, as well as the leverage and liquidity ratios.

Further information on the capital requirements and risk-weighted exposure amounts for the risk types Credit risk (credit risk, counterparty credit risk, CVA risk), Market risk, operational risk and settlement risk are described in the following sections "Capital adequacy process" and "Capital requirements and RWA".

Available Own funds

pbb Group's regulatory Own funds, which are decisive for meeting the regulatory capital requirements and thus for capital adequacy, amount to a total of € 3,323 million (€ -221 million compared to 31 December 2024). They comprise € 2,780 million in Common Equity Tier 1 capital (€ -193 million compared to 31 December 2024, CET1), € 298 million in additional core capital (AT1) and € 245 million in Supplementary capital (€ -28 million compared to 31 December 2024; T2). Regulatory Own funds were calculated without taking into account the interim profit from 1 January to 31 March 2025 (earnings after taxes: € 24 million).

Regulatory Own funds are based on pbb's consolidated financial statements (IFRS), taking regulatory adjustments into account. For further information on equity (IFRS) and its changes, please refer to the Note "Equity" (page 7) in pbb Group's Quarterly Statement as at 31 March 2025 (published on pbb's website). Equity of the pbb Group as reported in the statement of financial position amounts to € 3,447 million.

The € 193 million reduction in Common Equity Tier 1 (CET1) capital is attributable to an overall increase in capital deductions (regulatory adjustments), primarily for the impairment loss under the IRB approach, in which the difference between the amount of allowances recognised (stages 1 to 3) and provisions in the off-balance sheet lending business is offset against the expected loss (EL), as well as for additions to allowances (stages 1 to 3) and provisions in the off-balance sheet lending business. The reduction in the capital deduction for the minimum cover for non-performing risk positions (NPL backstop) had the opposite effect.

The € 28 million decrease in Supplementary capital (T2) resulted from reductions in the recognition of subordinated bonds due to daily amortisation in accordance with Article 64 CRR.

Capital ratios

According to the CRR/CRD regulations, the CET1 ratio (CET1 ratio: CET1 divided by RWA) may not fall below 4.5%, the Tier 1 ratio (Tier 1 ratio: Tier 1 divided by RWA) may not fall below 6.0% and the Own funds ratio (Own funds ratio: Own funds divided by RWA) may not fall below 8.0%. The pbb Group met these requirements at all times during the first quarter of 2025. As at 31 March 2025, the capital ratios were as follows:

- CET1 ratio: 15.7% (31 December 2024: 14.4%)
- Tier 1 ratio: 17.4% (31 December 2024: 15.9%)
- Own funds ratio: 18.8% (31 December 2024: 17.2%).

The increase in the capital ratios compared to the end of 2024 is due to the decrease in risk-weighted exposure amounts (RWA: € -2,931 million compared to 31 December 2024) and the change in regulatory own funds to a lesser extent in this period (Own funds: € -221 million compared to 31 December 2024).

SREP requirement

The pbb Group complied with the ECB's SREP minimum capital requirements, which exceed the existing regulatory requirements, at all times during the first quarter of 2025.

The Pillar 2 Requirement (P2R) applicable to pbb since 1 January 2025 is 3.25%. As a result, pbb has had to maintain a minimum CET1 ratio of 8.8% since this date (excluding the Countercyclical capital buffer, which varies from country to country and thus from portfolio to portfolio, and excluding the sectoral systemic risk buffer). In addition to the Pillar 2 capital requirement (3.25%), this requirement is made up of the Pillar 1 minimum capital requirement (4.5%) and the capital conservation buffer (2.5%), whereby the Pillar 2 capital requirement must be held at around 1.8% (56.25% of P2R) in Common Equity Tier 1 capital (CET1) and around 2.4% (75.00% of P2R) in Tier 1 capital (Tier 1).

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 country-specific and thus portfolio-specific varying Countercyclical capital buffer and excluding the sectoral systemic risk buffer). This is made up of the Pillar 1 minimum capital requirement (8.0%), the capital conservation buffer (2.5%) and the Pillar 2 capital requirement (3.25%).

Institution-specific countercyclical capital buffer

The institution-specific countercyclical capital buffer (ICCB) for the pbb Group, relating to significant credit risk exposures to the private sector, amounted to 0.80% as at the disclosure date (31 December 2024: 0.70%) and is therefore well below the applicable maximum ratio of 2.5%. The domestic Countercyclical capital buffer for Germany remains unchanged at 0.75%.

Capital buffer for systemic risks

In addition to the Countercyclical capital buffer, pbb applies the sectoral systemic risk buffer (SRP) of 2.00% introduced by BaFin in March 2022. This systemic risk buffer applies to credit risk exposures collateralised by residential real estate in Germany (i.e. in Germany) and is also intended to counteract the specific risks on the residential real estate market that cannot be fully covered by the above-mentioned domestic countercyclical capital buffer.

The risk-weighted exposure amounts (RWA) for these loans secured by residential property in Germany amount to € 1,257 million (31 December 2024: € 1,205 million), resulting in a capital requirement of € 25 million (i.e. 0.14% of total RWA, see EU KM1, line EU 9a). The capital requirement for the systemic risk buffer, as well as the institution-specific Countercyclical capital buffer, must be held in Common Equity Tier 1 capital (CET1).

With the "General ruling on the arrangement of a capital buffer for systemic risks in accordance with Section 10e KWG" dated 30 April 2025, BaFin decided to reduce the level of the sectoral systemic risk buffer from 2.00% to 1.00%. Institutions have been required to maintain this reduced systemic risk buffer since 1 May 2025.

Leverage ratio

The leverage ratio, which is a non-risk-sensitive ratio that complements the risk-based view of capital requirements and capital ratios, is the ratio of an institution's capital measure (Tier 1 capital) to its total exposure measure in accordance with Article 429 (2) CRR. Pursuant to Article 92 (1) CRR, institutions must comply with a binding leverage ratio of at least 3% at all times. The pbb Group met this requirement at all times in the first quarter of 2025.

The leverage ratio for the pbb Group amounted to 7.4% as at the disclosure date (31 December 2024: 7.5%) and is thus well above the minimum requirement. The slight reduction in the first quarter of 2025 is due to the decline in the total exposure measure (€ -1,851 million compared with 31 December 2024) and the change in regulatory Tier 1 capital to a lesser extent during this period (€ -193 million, T1).

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

NPL ratio and risk provisioning

The risk provision result for the first quarter of 2025 amounts to € -26 million. Risk provisions for stages 1 and 2 were reversed by € 5 million on balance. This was due to shorter remaining terms in the portfolio and a lower portfolio overall. A net amount of € 31 million was added to stage 3 risk provisions. This mainly related to portfolio financing in the USA, France and the UK as well as development financing in Germany.

The NPL ratio (non-performing loan), which only includes loans and advances, but not bonds and off-balance sheet risk positions (such as irrevocable loan commitments) or balances at central banks or other sight deposits, was 5.2% as at the disclosure date (31 December 2024: 5.1%).

Liquidity coverage ratio

The liquidity coverage requirement or liquidity coverage ratio (LCR) is calculated as the ratio of an institution's liquidity buffer (i.e. the portfolio of high-quality liquid assets) and its net liquidity outflows during a stress phase of 30 calendar days. Under regulatory law, a minimum LCR value of 100% must be complied with. The values determined for the pbb Group were significantly above this minimum value at all times in the first quarter of 2025.

The LCR as at the disclosure date of 31 March 2025 was 211% (31 December 2024: 200%). The average LCR (average of the last twelve month-end values) is 283%. Further information on the LCR can be found in the "Liquidity coverage ratio" section of this Disclosure Report.

Net stable funding ratio

The net stable funding ratio (NSFR), which represents the medium and long-term structural, stable liquidity, is calculated from the ratio of available stable funding (ASF) and required stable funding (RSF). Under regulatory law, a minimum NSFR of 100% must be complied with. The values determined for the pbb Group were significantly above this minimum value at all times in the first quarter of 2025.

The NSFR as at the disclosure date of 31 March 2025 was 116% (31 December 2025: 116%). The determining factors for a sustainable maturity structure of assets and liabilities are property financing on the one hand and the corresponding refinancing on the other. The pbb Group does not treat any assets and liabilities as interdependent.

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. In order to comply with the capital requirements, capital must be recognised for Credit risk (Credit risk, Counterparty credit risk, CVA risk), Market risk, Operational risk and Settlement risk. The regulatory key figures are determined on the basis of IFRS accounting standards.

Credit risk (excluding counterparty credit risk)

As of the disclosure date, two approaches are used in the pbb Group to determine the capital requirements for the Credit risk of a risk position. These are the Foundation Internal Ratings Based Approach (F-IRBA) in accordance with Articles 142 et seq. CRR for the majority of commercial property financing and the standardised approach (CRSA) in accordance with Articles 111 et seq. CRR for the remaining risk positions.

As of the disclosure date, the pbb Group still does not have any exposures from securitisations in its portfolio. There are currently no plans for new securitisations of own receivables. The business strategy of the pbb Group does not currently define new securitisations as a corporate objective.

Counterparty credit risk

For calculating the own funds requirements for counterparty credit risk in accordance with part 3, title II, chapter 6 of the CRR (i.e. for derivative transactions), the pbb Group applies the standardised approach (SA-CCR) in accordance with articles 274 et seq. CRR. The Bank's own internal models (Internal Model Method, IMM) are currently not used.

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

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

CVA risk

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

Market risk

The calculation of own funds backing for market risk in accordance with part 3, title IV of the CRR is carried out in the pbb Group using the simplified standardised approach in accordance with articles 325 and 325a et seq. of the CRR. The Bank's own internal models (Internal Models Approach, IMA) are currently not used.

Operational risk

The pbb Group calculates own funds backing for operational risk in accordance with part 3, title III of the CRR using the standardised approach pursuant to Articles 311a et seq. of the CRR.

Settlement risk

The calculation of own funds requirements for settlement risk and prepayment risk in accordance with Part 3, Title V of the CRR is based on the rules defined in Articles 378 and 379 CRR.

Own funds requirements and RWA

Risk-weighted exposure amounts

The risk-weighted exposure amounts of the pbb Group across all risk types amounted to € 17,699 million as at the disclosure date (31 December 2024: € 20,630 million), which corresponds to a decrease of € 2,931 million in the first quarter of 2025.

The main reason for the decline in RWA for Credit risk (€ -2,862 million compared to 31 December 2024, IRB approach and standardised approach) is the switch to the F-IRBA for the majority of commercial real estate financing. For a transitional period until CRR III ("Basel IV") comes into force on 1 January 2025, the calculation of risk-weighted exposure values under F-IRBA was calibrated to standardised risk parameters. However, there were increases in RWA due to new business in commercial property financing in the first quarter of 2025 and changes in the environment. These changes included rating downgrades for loan exposures (primarily for existing financing in the USA) and adjustments to the maximum loss rates. Other factors that reduced RWA included netting effects on extensions of property financing, changes in the allocation of risk positions to the risk position classes (corporates versus small and medium-sized enterprises, SMEs) and currency effects, particularly with regard to the US dollar (USD) and pound sterling (GBP). Further information on the development of Credit risk RWA under the IRB approach can be found in the following table EU CR8.

The decrease in counterparty default risk (€ -25 million compared to 31 December 2024) is the result of both the reduction in the volume of derivatives (€ -9 million compared to 31 December 2024) and the reduction in the volume of securities financing transactions (€ -15 million compared to 31 December 2024). The risk positions vis-à-vis the central counterparty Eurex Clearing are at the same level as at the end of 2024 (€ +1 million compared to 31 December 2024).

The increase in CVA risk for OTC derivatives (€ +35 million compared to 31 December 2024) is due to new risk weightings applicable to the counterparty. In accordance with Article 384 CRR "reduced basis approach (R-BA)", the calculation of capital requirements for CVA risk is based on a combination of the counterparty sector and the associated credit rating.

The slight increase in market risk (€ +14 million compared to 31 December 2024) is primarily due to the increase in risk provisions in US dollars (USD) for real estate financing in the USA and changes in credit spreads, particularly for the USD and British pound (GBP).

The reduction in operational risk (€ -94 million compared to 31 December 2024) is primarily due to the application of the new procedure for determining capital requirements (standardised approach in accordance with Articles 311a et seq. of the CRR). This new procedure, which is based on the calculated business indicator and the relevant items from the income statement and balance sheet on which it is based, replaces the three procedures for calculating risk-weighted exposure amounts that were applicable until the end of 2024.

Own funds requirements

The minimum own funds requirement for the aforementioned risk types remains unchanged at 8.0% of RWA as at 31 March 2025. It totalled € 1,416 million as at the disclosure date (31 December 2024: € 1,650 million). In line with pbb Group's business model with its core business of commercial real estate finance, around 94% of the capital requirement is attributable 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 (CEP) of 2.5%, the institution-specific countercyclical capital buffer (ICCB) of 0.80%, the sectoral systemic risk buffer (SRP) of 0.14% and the Pillar 2 capital requirement (P2R) of 3.25% - amounts to 14.69% (EU KM1, line EU 11a). It amounted to € 2,600 million as at the disclosure date (31 December 2024: € 2,954 million).

Own funds surplus (available own funds less the minimum own funds requirement in accordance with EU OV1) amounted to € 1,907 million as at the disclosure date (31 December 2024: € 1,894 million).

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

EU OV1: Overview of the total risk amounts

		a	b	c
		Risk weighted exposure amounts (RWA) [1]	**Risk weighted exposure amounts (RWA)** [1]	**Total own funds re-quirements**
All figures in € million		**31.03.2025**	**31.12.2024**	**31.03.2025**
1	**Credit risk (excluding counterparty credit risk)**	**16,438**	**19,300**	**1,315**
2	of which: the standardised approach	4,160	4,404	333
3	of which: the foundation IRB approach (F-IRBA)	12,278	14,897	982
4	of which: slotting approach	-	-	-
EU 4a	thereof: equities under the simple risk-weighted approach	-	-	-
5	thereof: the advanced IRB approach (A-IRBA)	-	-	-
6	**Counterparty credit risk**	**151**	**176**	**12**
7	of which: the standardised approach (SA-CCR) [2]	135	144	11
8	of which: internal model method (IMM)	-	-	-
EU 8a	thereof: exposures to a CCP [3]	3	2	0.2
9	thereof: other CCR [4]	14	29	1
10	**Credit valuation adjustments risk (CVA risk)**	**166**	**131**	**13**
EU 10a	of which: standardised approach (SA)	-	-	-
EU 10b	thereof: basic approach (F-BA and R-BA)	166	131	13
EU 10c	of which: simplified approach	-	-	-
15	**Settlement risk**	**0**	**0**	**0**
16	**Securitisation exposures in the non-trading book (after the cap)**	**0**	**0**	**0**
17	of which: SEC-IRBA approach	-	-	-
18	thereof: SEC-ERBA (including IAA)	-	-	-
19	of which: SEC-SA approach	-	-	-
EU 19a	thereof: 1.250% / deduction	-	-	-
20	**Position, foreign exchange and commodities risks (market risk)**	**57**	**43**	**5**
21	of which: alternative standardised approach (A-SA)	-	-	-
EU 21a	of which: simplified standardised approach (S-SA)	57	43	5
22	of which: 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**	**980**	**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]	289	292	23
26	Output floor applied (%)	-	-	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	**Total floor adjustment**	**17,699**	**20,630**	**1,416**

[1] Risk-weighted exposure amounts (risk-weighted assets, RWA).
[2] Risk positions calculated in accordance with Part 3, Title II, Chapter 6 of the CRR (derivative transactions).
[3] Risk positions for contributions to the default fund of a central counterparty (Eurex Clearing).
[4] Risk positions for securities financing transactions (securities lending/repo transactions).
[5] The pbb Group does not maintain a trading book for securities and derivatives portfolios with the intention of generating short-term profits.
[6] Deferred tax assets that mainly depend on future profitability and result from temporary differences.
The disclosure in this line is for information purposes only; the amount is already recognised in line 1 (Credit risk) and line 2 (of which: standardised approach).

The tables EU CMS1 and EU CMS2 in accordance with Article 438 letters 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).

The F-IRBA is used by the pbb Group for the majority of commercial real estate financing, namely for all credit risk exposures which are assigned to the PD rating system "SPV investors" (mainly exposure class Corporates - specialised lending). The application of the output floor ("output floor", 50% from 1 January 2025 to 31 December 2025) has no impact on the calculation of risk-weighted exposure amounts or Own funds for the pbb Group. The pbb Group has not made use of the facilitating transitional provisions pursuant to article 465 CRR "Transitional provisions for the own funds floor" for calculating the output floor exposure values.

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 base of the output floor [5]**
1	Credit risk (excluding counterparty credit risk)	12,278	4,160	16,438	18,147	18,147
2	Counterparty credit risk	69	83	151	145	145
3	Credit valuation adjustment	---	166	166	166	166
4	Securitisation exposures in the banking book	-	-	-	-	-
5	Market risk	-	57	57	57	57
6	Operational risk	---	886	886	886	886
7	Other risk weighted exposure amounts	---	-	-	-	-
8	**total**	**12,347**	**5,536**	**17,699**	**19,402**	**19,402**

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

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

		a	b	c	d	EU d
		Risk weighted exposure amounts (RWA)				
All figures in € million		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 base of the output floor [5]
1	Central governments and central banks	-	-	1	1	1
EU 1a	Regional governments or local authorities	-	-	71	71	71
EU 1b	Public sector entities	-	-	53	53	53
EU 1c	Categorised as Multilateral Development Banks in SA	-	-	-	-	-
EU 1d	Categorised as International organisations in SA	-	-	-	-	-
2	Institutions	-	-	13	13	13
3	Equity	-	-	34	34	34
5	Corporates	12,278	177	12,308	207	207
5.1	thereof: F-IRB is applied [6]	12,278	13,987	12,278	13,987	13,987
5.2	thereof: A-IRB is applied	-	-	-	-	-
EU 5a	thereof: Corporates - General [6]	126	177	126	177	177
EU 5b	of which: Corporates - Specialised lending [6]	12,152	-	12,152	-	-
EU 5c	of which: Corporates - Purchased receivables	-	-	-	-	-
6	Retail	-	-	-	-	-
6.1	thereof: Retail - Qualifying revolving	-	-	-	-	-
EU 6.1a	of which: Retail - Purchased receivables	-	-	-	-	-
EU 6.1b	thereof: Retail - Other	-	-	-	-	-
6.2	of which: Retail - Secured by residential real estate	-	-	-	-	-
EU 7a	Categorised as secured by immovable properties and ADC exposures in SA	-	12,303	3,137	15,440	15,440
EU 7b	Collective investment undertakings (CIU)	-	-	7	7	7
EU 7c	Categorised as exposures in default in SA	-	1,507	446	1,954	1,954
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	-	-	335	335	335
9	**total**	**12,278**	**13,987**	**16,438**	**18,147**	**18,147**

[1] Risk-weighted exposure amounts (risk-weighted assets, RWA) calculated in accordance with the F-IRBA approved by the competent authority.
[2] Risk-weighted exposure amounts (risk-weighted assets, RWA) in column a calculated in accordance with the standardised approach (CRSA).
[3] Actual total RWA as at the disclosure date, calculated in accordance with the F-IRBA or the standardised approach (CRSA).
[4] Standardised Total Risk Exposure Amount (S-TREA) without application of the transitional provisions of Article 465 CRR. The Credit risk total exposure amount shown in row 9, column d forms the basis for the calculation of 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 exposure amount shown in row 9, column EU d forms the basis for the calculation of the output floor as at the disclosure date.
[6] Lines 5.1, EU 5a and EU 5b contain the following information in accordance with the EBA mapping rules in conjunction with EBA/ITS/2024/05 only include the risk-weighted positions for which the pbb Group applies the F-IRBA. The credit risk exposures calculated according to the standardised approach (CRSA) are not included.

Table EU CR8 in accordance with Article 438 (h) CRR shows the changes in risk-weighted exposure amounts for the F-IRBA in the first quarter of 2025 and the main reasons for this.

The on-balance sheet and off-balance sheet risk-weighted exposure amounts (RWA) for the IRBA amount to € 12,278 million (31 December 2024: € 14,897 million). The main reason for the decline in RWA in the IRB approach (€ -2,619 million compared to 31 December 2024) is the switch to the F-IRBA for the majority of commercial real estate financing (EU CR8, line 5). For a transitional period until CRR III ("Basel IV") comes into force on 1 January 2025, the calculation of risk-weighted exposure values under F-IRBA was calibrated to standardised risk parameters. Currency effects (EU CR8, line 7), particularly with regard to the US dollar (USD) and pound sterling (GBP), were another factor influencing the reduction in RWA. Three aspects in particular had an offsetting effect on RWA. There were increases in RWA due to new business in commercial real estate financing in the first quarter of 2025 (EU CR8, line 2), which exceeded repayments in this period, environmental changes (EU CR8, line 5), the adjustment of maximum loss rates and rating downgrades for loan exposures (EU CR8, line 3), primarily for existing financing in the USA.

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

All figures in € million		a Risk weighted exposure amount [1]
1	**Risk weighted exposure amount as at 31.12.2024**	**14,897**
2	Asset size (+/-)	81
3	Asset quality (+/-)	667
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-3,353
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	-59
8	Other (+/-)	45
9	**Risk weighted exposure amount as at 31.03.2025**	**12,278**

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

Liquidity coverage ratio

Liquidity coverage ratio

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

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

Regulatory requirements stipulate a minimum LCR of 100%. The values determined for the pbb Group were significantly above this minimum value at all times in the first quarter of 2025. The LCR as at the disclosure date of 31 March 2025 was 211% (31 December 2024: 200%).

Information on the liquidity coverage ratio

The following table EU LIQ1 in accordance with Article 451a (2) CRR shows the information on the LCR for the pbb Group. The information comprises the values and figures as at the disclosure date of 31 March 2025 and for each of the three calendar quarters preceding the disclosure date. In contrast to the reporting date values mentioned above, these values and figures are calculated as simple averages of the end-of-month surveys over the twelve months preceding the end of each quarter. Table EU LIQ1 contains all items relevant to the LCR calculation.

The average value of the LCR as at 31 March 2025 is 283% (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 result from the different dynamics of new business in property financing and its refinancing.

Liquidity Management within the pbb Group

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

Funding Sources

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

Liquidity buffer

As at the disclosure date, the liquidity reserves totalled € 3,663 million (average value), consisting of highly liquid level 1 assets. The liquidity buffer consists primarily of liquid funds and HQLA Level 1 bonds. Level 1 includes deductible deposits with Deutsche Bundesbank, bonds issued by central governments, regional or local authorities, public bodies, multilateral development banks or international organisations and banks with government guarantees.

Liquidity outflows and inflows

Liquidity inflows are influenced in particular by expected loan repayments and refinancing funds raised. The liquidity outflows are made up as follows:

- committed but not yet drawn mortgage loans and other loans
- refinancing funds due
- potential collateralisation requests.

On average, cash flows from derivative positions only accounted for a small proportion of the total net cash flows in the first quarter of 2025. pbb Group uses a historical look-back approach (HLBA) to calculate the potential collateral calls for derivatives, i.e. collateral calls observed in the past are analysed and a conservative assumption for potential future collateral calls is derived from this. On average, this value was € 457 million. Possible rating changes are not expected to have any significant impact on the provision of collateral.

Significant Foreign Currency

As of 31 March 2025, the pbb Group has no foreign currency or no significant currency in accordance with article 415 (2a) CRR whose aggregate liabilities amount to at least 5% of total liabilities. The foreign currency positions have no significant impact on the liquidity position.

EU LIQ1: Quantitative information on the LCR

All figures in € million, unless otherwise stated		a	b	c	d	e	f	g	h
		Total unweighted value (average) [1]				Total weighted value (average) [1]			
EU 1a	**Quarter ending on:**	**31.03.2025**	**31.12.2024**	**30.09.2024**	**30.06.2024**	**31.03.2025**	**31.12.2024**	**30.09.2024**	**30.06.2024**
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)	---	---	---	---	**3,663**	**3,724**	**3,783**	**3,551**
Cash outflows		**---**							
2	Retail deposits and deposits from small business customers, of which:	965	890	891	925	228	192	189	195
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	920	873	877	913	184	174	175	182
5	Unsecured wholesale funding	665	675	765	721	547	555	629	575
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	300	310	314	333	182	190	178	186
8	Unsecured debt	365	364	450	389	365	364	450	389
9	Secured wholesale funding	---	---	---	---	109	111	112	58
10	Additional requirements	457	468	466	471	457	468	466	471
11	Outflows related to derivative exposures and other collateral requirements	457	468	466	471	457	468	466	471
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	58	118	173	179	37	97	153	159
15	Other contingent funding obligations	1,540	1,779	2,069	2,350	398	457	548	661
16	**Total cash outflows**	---	---	---	---	**1,776**	**1,878**	**2,096**	**2,119**
Cash inflows									
17	Secured lending (e.g. reverse repos)	137	157	252	263	29	56	151	151
18	Inflows from fully performing exposures	470	552	624	608	311	363	405	393
19	Other cash inflows	75	78	136	157	75	78	136	157
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**	682	787	1,012	1,028	**415**	**496**	**692**	**700**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	682	787	1,012	1,028	415	496	692	700
Total adjusted value									
EU-21	**Liquidity buffer**	---	---	---	---	**3,663**	**3,724**	**3,783**	**3,551**
22	**Total net cash outflows**	---	---	---	---	**1,361**	**1,382**	**1,404**	**1,418**
23	**Liquidity coverage ratio (%)**	---	---	---	---	**283**	**290**	**301**	**281**

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

List of tables

Certification of the Management Board

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

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

Munich, 8 July 2025

Deutsche Pfandbriefbank AG

The Management Board

Kay Wolf	Thomas Köntgen	Dr. Pamela Hoerr	Jörn Joseph	Marcus Schulte

Deutsche Pfandbriefbank AG

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