Disclosure Report

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

as at 31 December 2025

Deutsche Pfandbriefbank Group

Overview

Deutsche Pfandbriefbank Group (“pbb Group”)

EU KM1: Key parameters

All figures in € million, unless otherwise stated		a	b	c	d	e
		31 December 2025	**30 September 2025**	**30 June 2025**	**31 March 2025**	**31 December 2024**
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	2,565	2,707	2,701	2,780	2,974
2	Tier 1 capital	2,863	3,004	2,998	3,078	3,271
3	Total capital	3,252	3,446	3,186	3,323	3,544
	Risk-weighted exposure amounts (RWA)					
4	Total risk-weighted exposure amount	17,495	17,528	17,668	17,699	20,630
4a	Total risk exposure pre-floor	17,495	17,528	17,668	17,699	-
	Capital ratios (as a percentage of RWA)					
5	Common Equity Tier 1 ratio (%)	14.7	15.4	15.3	15.7	14.4
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14.7	15.4	15.3	15.7	-
6	Tier 1 ratio (%)	16.4	17.1	17.0	17.4	15.9
6b	Tier 1 ratio considering unfloored TREA (%)	16.4	17.1	17.0	17.4	-
7	Total capital ratio (%)	18.6	19.7	18.0	18.8	17.2
7b	Total capital ratio considering unfloored TREA (%)	18.6	19.7	18.0	18 August	-
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of RWA)					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.25	3.25	3.25	3.25	3.00
EU 7e	of which: to be comprised of CET1 capital (percentage points)	1.8	1.8	1.8	1.8	1.7
EU 7f	of which: to be comprised of Tier 1 capital (percentage points)	2.4	2.4	2.4	2.4	2.3
EU 7g	Total SREP own funds requirements (%)	11.25	11.25	11.25	11.25	11.00
	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 (%)	0.96	0.87	0.81	0.80	0.70
EU 9a	Systemic risk buffer (%)	0.07	0.07	0.07	0.14	0.12
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	-	-	-	-	-
11	Combined buffer requirement (%)	3.53	3.44	3.38	3.44	3.32
EU 11a	Overall capital requirements (%)	14.78	14.69	14.63	14.69	14.32
12	CET1 available after meeting the total SREP own funds requirements (%)	7.3	8.4	6.8	7.5	6.2
	Leverage ratio					
13	Total exposure measure	37,173	41,991	40,971	41,812	43,663
14	Leverage ratio (%)	7.7	7.2	7.3	7.4	7.5
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of the total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be comprised of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of the total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirements (%)	3.0	3.0	3.0	3.0	3.0

	All figures in € million, unless otherwise stated	a 31 December 2025	b 30 September 2025	c 30 June 2025	d 31 March 2025	e 31 December 2024
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA) (weighted average)	3,621	3,483	3,475	3,663	3.724
EU 16a	Cash outflows – Total weighted value	1,715	1,676	1,691	1,776	1,878
EU 16b	Cash inflows – Total weighted value	512	489	420	415	496
16	Total net cash outflows (adjusted value)	1,227	1,211	1,271	1,361	1,382
17	Liquidity coverage ratio (%)	355	349	299	283	290
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding	34,190	35,402	35,366	36,741	36,617
19	Total required stable funding	28,917	30,425	31,170	31,705	31,584
20	NSFR ratio (%)	118	116	113	116	116

Note:

Monetary values in the pbb Group’s Disclosure Report are stated in millions of euros in accordance with Article 25(4)(a) of Regulation (EU) 2024/3172 (Pillar 3 framework). The figures are rounded to the nearest million. Due to rounding, the totals shown in the tables may differ slightly from the arithmetic sums of the individual figures reported. Individual figures of less than €500,000 are generally not shown due to the commercial rounding applied; these are shown as zero or as zero balances with a dash. In the disclosure of information, the principle of materiality in accordance with Article 432(1) of the CRR is observed.

With regard to the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) regulations, there remains 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. Consequently, Deutsche Pfandbriefbank AG (“pbb”) will continuously adjust its assumptions and models as the understanding and interpretation of the rules and those of the industry evolve. Against this background, current CRR/CRD metrics may not be comparable with previous expectations. Furthermore, CRR/CRD metrics may not be comparable with similarly named metrics of competitors, as their assumptions and assessments may differ from those of pbb.

Since the disclosure reference date of 30 June 2024, the pbb Group has used, among other things, the Foundation Internal Ratings Based Approach (F-IRBA) – hereinafter referred to as the “IRB approach (IRBA)” – to determine own funds 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 calculation of risk-weighted exposure amounts under F-IRBA was calibrated to standardised risk parameters. Against this background, the figures reported for reporting dates or periods from 1 January 2025 onwards are only comparable to a limited extent with the figures reported for reporting dates or periods up to and including 31 December 2024.

The capital ratios reported in this Disclosure Report differ only insignificantly from those in the annual report as at 31 December 2025 due to adjustments to own funds and risk-weighted assets (RWA) for Credit risk. The Common Equity Tier 1 Ratio decreased from 14.9% to 14.7% as a result of the adjustments made, whilst the Own Funds Ratio decreased from 18.8% to 18.6%.

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Introduction

Deutsche Pfandbriefbank ("pbb")

The Deutsche Pfandbriefbank Group ("pbb Group") consists predominantly of the parent company Deutsche Pfandbriefbank AG ("pbb"). Headquartered in Munich/Garching, pbb is a leading European specialist bank for commercial real estate finance (REF) with a focus on mortgage-backed business. Geographically, the focus was on Europe and the USA. In the second quarter of 2025, pbb announced that it would be withdrawing completely from the US business. By exiting the US market, the pbb Group intends to concentrate its efforts more strongly on its core European business in future. pbb issues mortgage Pfandbriefe secured by real estate liens and, measured by outstanding volume, is one of the largest issuers of Pfandbriefe and thus also a major issuer of covered bonds in Europe. In its core markets, pbb offers its clients a strong local presence with expertise across all functions of the financing process. Through its expertise in loan structuring, its cross-border approach and collaboration with financing partners, pbb executes both complex financing arrangements and cross-border transactions.

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

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

Purpose of the Disclosure Report

With this Disclosure Report, pbb (LEI code: DZZ47B9A52ZJ6LT6VV95), as the parent institution of the regulatory group, implements the disclosure requirements under Part 8 of the CRR for the pbb Group as at 31 December 2025.

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

pbb is a large institution pursuant to Article 4(1)(146) of the CRR and therefore implements the frequency requirements set out in Article 433a of the CRR. The relevant disclosure period for this report is from 30 September 2025 to 31 December 2025, although the reference period for certain tables and information may differ depending on the respective disclosure cycle in accordance with Article 433a of the CRR. For information to be disclosed on an annual basis, the comparative reference date is 31 December 2024. For information required on a half-yearly basis, the comparative reference date is 30 June 2025.

Unlike the pbb Group's Annual Report, the Disclosure Report focuses on the regulatory perspective. Together with the Annual Report, the Disclosure Report is intended to enable readers to gain a comprehensive understanding of the pbb Group's current risk profile and risk management. In accordance with Article 433a(1)(a) of the CRR, this Disclosure Report includes, in particular, information on:

- the regulatory and accounting structure of the pbb Group (scope of application)
- the principles of corporate governance
- Own funds, as well as capital ratios and buffers
- the own funds requirements and risk-weighted assets (RWA),
  the effects of applying own funds floors ('output floor')
- the leverage ratio and the impact on assets

- the pbb Group's general risk management system (risk management objectives and policy)
- risk management in relation to individual risk categories: Credit risk (Counterparty credit risk, Counterparty default risk, CVA risk), Market risk (including interest rate risk in the investment book), Liquidity and funding risk, and ESG risk.

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

The information on the key features of the pbb Group's remuneration policy and practices in accordance with Article 450 of the CRR will be published after the conclusion of the remuneration round for the year 2025, taking into account the regulatory deadline set out in Article 434(3) of the CRR. The publication will be made as an annex to this Disclosure Report on the EBA's website (Pillar 3 Data Hub, P3DH or European Data Access Portal, EDAP portal) and additionally on pbb's website (www.pfandbriefbank.com) under Investors / Mandatory Disclosures / Disclosure Report in accordance with Part 8 of the CRR.

Formal procedures and arrangements for fulfilling disclosure obligations

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

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

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

Means of disclosure

The Disclosure Report is published in accordance with Article 434 CRR on the EBA website (P3DH, EDAP portal) and additionally on the pbb 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) of the CRR, the Disclosure Report contains disclosures based on the consolidated financial position of the pbb Group. Additional disclosures at the level of individual institutions or on a sub-consolidated basis in accordance with Articles 6 and 13 of the CRR are not required for pbb as the ultimate parent institution of the prudential group. pbb itself is an EU parent institution in accordance with Article 4(1)(29) of the CRR.

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

Waiver provision under the CRR

In the 2025 financial year, pbb availed itself of the relief provided by the so-called waiver provision under Article 7(3) of the CRR. Pursuant to the ECB's decision, pbb, as the supervised parent undertaking of the pbb Group, is permitted to comply with certain supervisory requirements only on a consolidated group basis and not additionally at the level of the individual institution.

pbb also met the requirements under Article 7(3) of the CRR in 2025:

- Within the pbb Group, there are no significant actual or legal obstacles to the immediate transfer of own funds or the repayment of liabilities to the parent undertaking (pbb), nor are any such obstacles foreseeable. The company essential to the financial stability of the pbb Group, pbb, has its registered office in Germany. pbb is also the only credit institution within the pbb Group. pbb's holding in the subsidiaries subject to regulatory consolidation regularly amounts to 100% of the voting rights. pbb exercises a controlling influence over each subsidiary. Furthermore, the existence of a formal intra-group decision-making process for the transfer of own funds between pbb, as the parent company and parent institution of the pbb Group, and the subsidiary enables an 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) of the CRR.

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

Furthermore, in the 2025 financial year, pbb availed itself of a waiver granted by the ECB pursuant to Section 2a(2) of the German Banking Act (KWG). Accordingly, pbb is exempt at the individual institution level from applying the requirements of Section 25a(1), third sentence, nos. 1, 2 and 3(b) and (c) of the German Banking Act (KWG) regarding the risk control function for the management of risks, with the exception of liquidity risk. The conditions required for the granting of the waiver under Article 7(3) of the CRR are met: There is no material factual or legal impediment to the immediate transfer of own funds or the repayment of liabilities to the parent institution in a Member State, nor is any such impediment foreseeable. The risk assessment, risk measurement and risk control procedures required for consolidated supervision also extend to the parent institution in a Member State.

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

With regard to the majority shareholdings in companies of the Deutsche Investment Group ("DI Group") acquired by pbb with effect from 1 January 2026 indirectly via its wholly-owned subsidiary, pbb Beteiligungs GmbH, and the latter's wholly-owned subsidiary pbb invest GmbH – see the section 'Regulatory and accounting consolidation' – it should be noted at this stage that, within the DI Group, only Deutsche Investment Kapitalverwaltung AG ('DIK') is subject to regulatory consolida-

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

Scope

Organisational and legal structure

This chapter contains information on the legal and organisational structure of the pbb Group in accordance with Section 26a(1) sentence 1 of the German Banking Act (KWG) and, in this context, the key criteria of the business model and business strategy, the strategic orientation and the management system of the pbb Group.

The pbb Group consists predominantly of the parent company pbb. pbb is also the ultimate parent institution pursuant to Article 4(1) of the CRR of the supervisory 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 and is therefore responsible for fulfilling the supervisory disclosure requirements.

pbb is a public limited company under German law, registered in the Commercial Register of the Munich Local Court (HRB 41054). pbb’s registered office is in Munich/Garching. pbb also maintains offices at four further locations in Germany (Eschborn, Düsseldorf, Hamburg and Berlin). Abroad, it is represented at six locations: Amsterdam, London, Madrid, Paris, Stockholm and New York. pbb conducts a large part of its financing activities abroad via these locations. However, due to the decision to withdraw from the US market, no new business is being arranged via the representative office in New York.

Business model

In 2025, the pbb Group’s strategic business was commercial property financing, with a focus on Pfandbrief-eligible business. This is bundled within the Real Estate Finance (REF) segment. In addition to the strategic REF business, the pbb Group has grouped its non-strategic business within the Non-Core (NC) segment. The Non-Core portfolio is being wound down through maturities and sales, taking advantage of market opportunities.

The pbb Group refinances its assets via the capital market and deposits from private customers. Secured issues in the form of mortgage Pfandbriefe – that is, secured bonds that comply with the requirements of the German Mortgage Pfandbrief Act (PfandBG) – are of the greatest importance. In addition, the pbb Group issues unsecured bonds and raises funds through deposit business with private investors.

Strategic Portfolio

In commercial property finance (REF), the offering is primarily aimed at professional national and international property investors and developers, such as property companies, institutional investors and property funds, as well as, particularly in Germany, small and medium-sized enterprises and regionally focused clients. Borrowers are generally special purpose vehicles (SPVs).

To date, loans have been granted primarily for office, residential, logistics and warehouse, retail, as well as hotel and leisure buildings. Geographically, the focus is on Europe and the USA. The key core markets in Europe are Germany, France, the United Kingdom, the Nordic countries, selected Central and Eastern European countries, Spain and the Benelux region. In the US, pbb has so far concentrated in particular on the metropolitan regions of New York, Washington D.C., Boston, Chicago, San Francisco, Seattle and Los Angeles. In the second quarter of 2025, pbb announced that it would be withdrawing completely from the US business. By exiting the US market, the pbb Group intends to focus its efforts more strongly on its core European business in future.

The pbb Group targets complex transactions involving medium to large financing volumes. It offers both local and cross-border financing expertise in this area. The majority of the financing provided consists of investment loans, i.e. loans for the acquisition or follow-up financing of existing properties with established cash flows. Financing for property development projects (development-) plays a complementary role and also encompasses the property development business in Germa-

ny. pbb is primarily a lender of senior secured loans, provided that borrowers have a high equity ratio and robust collateral in the form of properties in prime locations. Green loans are gaining in importance.

Lending is the Group's core business. pbb focuses in particular on primary client and syndication business. In addition to traditional, tailor-made financing solutions, pbb offers its clients derivative products to hedge risks associated with lending transactions. It does not maintain a trading book for securities and derivatives portfolios held with the intention of generating short-term profits.

In the lending business, pbb either acts as the sole lender or works with financing partners – particularly in the case of large-volume transactions. Here, it has a broad network of banks and other partners, for example in the insurance and private equity sectors. In this so-called syndicated business, pbb, as part of its business activities, sometimes acts as the lead arranger, taking on the overall coordination between the members of the syndicate and the borrower, or as an agent performing tasks related to the administration of syndicated loans.

In addition, pbb acts as an underwriter by providing financing in the first instance, either alone or together with other market participants, and then selling portions of these loans to partners as part of syndications.

In March 2023 and October 2024, the pbb Group announced strategic changes and expansions to its business as a result of the NEXT project. The pbb Group continued to consistently implement Strategy 2027, and thus the NEXT project, in the 2025 financial year. The aim of the NEXT project is to diversify the business model more strongly and to lay the foundations for future earnings growth and higher profitability. In doing so, pbb intends in particular to 'strengthen its own strengths', meaning that the existing real estate platform and pbb's expertise are to be utilised to further develop the real estate business horizontally along the value chain. In doing so, pbb intends to draw on its long-standing expertise in sales and structuring. These measures include, in particular, the expansion of commercial property financing to other types of property, as well as the planned business activities in Originate & Cooperate, pbb invest and Eco. Overall, the aim is to diversify the business:

- As part of its strategic realignment, the pbb Group is consistently driving forward its organisational transformation. The pbb Group has announced a further development of the Target Operating Model for large parts of the bank, which continues to support the strategic objectives. A leaner organisational structure, the establishment of the Production Hub in the IT and Operations divisions in Madrid, and the new branch in Amsterdam are intended to increase efficiency and scalability whilst maintaining strict cost discipline at all times.
- In addition to the types of property financed to date, the Group intends to finance data centres, care homes and student accommodation in future. The proportion of office building financing within the overall portfolio is to be reduced.
- Under the Originate & Cooperate model, loans are to be arranged for external borrowers and lenders without the pbb Group itself recognising any assets on its balance sheet. The offering covers the full range of services from loan origination to loan servicing. In doing so, the pbb Group aims to make profitable use of its market access, expertise and technology. pbb has created the operational conditions for this: the partner network, product range and team are largely in place, and the pipeline for such transactions is being continuously expanded.
- In addition, the Management Board announced a complete withdrawal from the US property markets in the second quarter of 2025. This is proceeding according to plan and resulted in an overall impact on earnings in 2025.
- As part of the withdrawal from the US business, the pbb Group agreed a so-called Significant Risk Transfer (SRT) with the investor Oaktree Capital in December 2025. Oaktree has assumed a guarantee for a mezzanine tranche of pbb's high-performing US portfolio amounting to approximately USD 321 million. The underlying high-performing US portfolio comprises mainly loans for office properties. As part of the SRT transaction, Oaktree subscribed to an interest-bearing credit-linked note issued by pbb.
- In the pbb invest division, the pbb Group plans to establish and manage funds for commercial property and property financing (so-called equity and debt funds) for institutional investors. In this context, the pbb Group

has completed the acquisition of a majority stake in Deutsche Investment Gruppe, agreed in August 2025, with effect from 1 January 2026. The acquisition is expected to make a significant contribution to the diversification of revenue streams and to the generation of sustainable, recurring commission income.

> In the Eco segment, the pbb Group is participating, alongside other partners, in a new fund from Realyze Ventures that specifically invests in start-ups offering technology-driven solutions for decarbonisation, digitalisation and efficiency improvements in the construction and real estate sectors. This serves to support the digital, sustainable transformation in the real estate industry and the potential exploitation of resulting opportunities in combination with the existing product range.

It is planned to adjust the structure of the internal organisation from the first quarter of 2026. As a result, the pbb Group will split the existing Real Estate Finance (REF) segment into the Real Estate Finance Solutions (REFS) and Real Estate Investment Solutions (REIS) segments. REFS comprises commercial property financing and REIS comprises the commission business.

Non-Core Segment (NC)

In addition to the portfolio of the strategic business segment, pbb has a non-strategic portfolio, known as the Non-Core portfolio. The Non-Core portfolio at pbb combines all non-strategic public sector financing, as well as past transactions involving public-private partnerships and export credit financing. pbb does not actively pursue new business in this area. The Non-Core portfolio is to be reduced in order to make resources tied up there available to pbb's core business.

Consolidation & Adjustment (C&A)

In accordance with IFRS 8.28, a reconciliation statement must be presented showing, among other things, the reconciliation of profits or losses, as well as assets and liabilities, from the reporting entity's figures to the consolidated figures. Within the pbb Group, this reconciliation is shown in the C&A column and does not include any operating business. This column includes, for example, consolidation items arising from the elimination of intra-group transactions between pbb and its fully consolidated subsidiaries.

Refinancing

The refinancing of loans granted takes place largely via the Pfandbrief market and is supplemented by unsecured refinancing. Issues are carried out on the capital market both in benchmark format and in the form of private placements. pbb structures private placements in accordance with investor requirements as bearer or registered securities or in the form of deposits. The term and interest rate structure can be negotiated individually. In line with the lending business, issues are predominantly denominated in euros. pbb also refinances foreign currency business in the US, the UK and Sweden directly in the relevant currency in order to reduce currency swaps and the need for unsecured overcollateralisation for Pfandbriefe. Against the backdrop of the decision to withdraw from the US market, no new issues in US dollars are planned.

In terms of covered refinancing, the focus is on mortgage Pfandbriefe. Uncovered refinancing is carried out via bearer bonds in the 'Senior Preferred' risk class, promissory note loans and deposits.

Investors in debt securities include banks, funds, insurance companies, central banks/sovereign wealth funds and private investors. pbb places a particular strategic focus on further developing its refinancing base with the aim of diversifing the investor base. To this end, "green bonds" are issued in accordance with the pbb Green Bond Framework in order to offer an investment opportunity to investors with sustainability requirements as well.

In 2025, the pbb Group issued a new Tier 2 bond (€0.3 billion) whilst simultaneously repurchasing part of its existing Tier 2 bonds. Furthermore, pbb operates a deposit business with retail investors in Germany. Overnight and fixed-term deposits in euros and US dollars are offered via the online platform pbb direkt (www.pbbdirekt.com) and through third-party providers. The deposit business amounted to €7.2 billion at the end of 2025 and is managed using unsecured capital market funding in line with the specific needs of the pbb Group.

Key intangible resources

Key intangible resources are resources without physical substance that meet the following two criteria:

> The business model is fundamentally dependent on the key intangible resources. A fundamental dependency on the business model exists if the business model cannot be operated without the intangible resource. This means that the intangible resource is indispensable to the business model.

> The most important intangible resource represents a source of value creation for the Group. A source of value creation exists if the intangible resource, either alone or in combination with others, serves to maintain or increase the value of the company in the short, medium or long term.

Criteria for assessing the importance of intangible resources may include, amongst other things, their incorporation into the foundations of strategic goal formulation, reporting to senior management, or their inclusion in incentive schemes for the remuneration of senior management.

Intangible resources are of paramount importance to the pbb Group. As a credit institution, the pbb Group is not a manufacturer or processor of goods. Instead, it provides services which generally involve a higher proportion of personnel costs than companies providing goods or services. Accordingly, human capital is the most important intangible resource for the pbb Group. In this regard, it considers the staff in the sales divisions, with their expertise in structuring commercial property financing transactions, to be of particular importance. To retain its human capital, the pbb Group aims for the lowest possible staff turnover. Furthermore, the Group invests in human capital through, amongst other things, further training initiatives.

Strategic Focus

pbb is a specialist bank for the financing of investments in commercial property. Furthermore, the range of services offered to institutional clients along the value chain is to be further expanded within the framework of REIS. pbb's core business is lending: in commercial property financing, the pbb Group either acts as the sole lender or collaborates with financing partners – particularly in large-volume transactions. The non-strategic non-core portfolio is to be wound down in a value-preserving manner in order to make resources tied up there available to pbb's core business. The central refinancing instrument is the Pfandbrief; pbb is one of the major issuers in this area. In addition, pbb issues unsecured financial instruments as bearer and registered securities. Green bonds are an integral part of the refinancing strategy. Refinancing is supplemented by unsecured issues and pbb's direct deposit business.

The pbb Group's sustainability strategy is an integral part of its business strategy. The principle of sustainability is a guiding principle for the pbb Group in fulfilling its corporate responsibility and thus forms the basis of its governance.

pbb is expressly committed to the Paris Climate Agreement as well as the sustainable finance targets of the EU and the German Federal Government. The pbb Group is therefore working to align its loan portfolios and business operations with the targets of the Paris Climate Agreement . With the aim of achieving 1.5-degree climate alignment by 2050, pbb has set itself a long-term climate target. Building on this, a long-term decarbonisation pathway for the REF portfolio, including interim targets, has been developed. In addition, pbb is evaluating further objectives of the Paris Climate Agreement and measures derived from them that address additional social sustainability aspects. Sustainable finance is defined as a central pillar of the holistic ESG strategy. The aim is to support the transformation of the real estate sector towards the widely sought-after climate neutrality by 2050. Among other things, the pbb Group aims to achieve a share of green assets in its total commercial real estate financing portfolio of more than 30% by 2026. As at 31 December 2025, the pbb Group had achieved a share of 29.9% of green assets in relation to the total commercial property finance portfolio, and 34.9% in relation to the evaluated portfolio. Overall, the evaluated portfolio accounts for 85.6% of the total portfolio.

In the holistic ESG strategy, four United Nations Sustainable Development Goals (SDGs) were identified as particularly relevant to the core business, to which pbb can make a positive contribution: Gender equality (SDG 5), decent work and economic growth (SDG 8), sustainable cities and communities (SDG 11), and climate action (SDG 13) through an active contribution to the decarbonisation of the property sector and efforts to reduce its own environmental footprint. pbb has

been a member of the UN Global Compact since early 2022 and has thus committed itself to ten universal principles in the areas of human rights, labour standards, environmental protection and anti-corruption.

Since the new CRR III came into force on 1 January 2025, pbb has applied the Foundation Internal Ratings Based Approach (F-IRBA) only to part of its commercial property portfolio (SPV Investor). In this context, a factor of 1.1, as specified by the supervisory authority, is applied to the internally determined PD values. For the remaining portfolios, pbb uses the standardised approach. When selecting the countries in which pbb wishes to conduct new business, it also takes into account the applicable requirements for the calculation of risk-weighted assets and optimises its new business strategy on this basis.

In addition to the income side, the pbb Group is also focusing on improving its efficiency. The internalisation of parts of the IT function, the organisational transformation with a leaner structure and the expansion of the hub in Madrid, as well as increasing digitalisation, are key elements in unlocking efficiency potential. pbb's aim is to optimise sub-processes and make them more customer-centric on the basis of standardisation and automation – including through the use of artificial intelligence or cloud services.

pbb continues to aim to be a share with attractive payout ratios. Shareholders are to participate in this development through dividends and share buybacks (the latter subject to prior approval by the ECB). The Bank intends to distribute at least 50% of its profit after tax (IFRS, Group) and AT1 coupon to shareholders.

Management system

The pbb Group's management system is designed to sustainably increase its value whilst taking into account risk considerations and regulatory requirements. A key criterion here is a balanced relationship between return and risk. The risks taken on should be consistent with external and internal risk-bearing capacity guidelines and generate an appropriate return on capital employed.

Management and measurement are based on a consistent and integrated system of key performance indicators. Regular comparisons of actual figures against targets, accompanied by relevant analyses, highlight to management the causes of deviations in key performance indicators. Furthermore, current market developments are presented, such as possible macroeconomic scenarios or changes in interest rates. In addition to overall strategic bank planning, regular medium-term projections of profitability indicators and (stress) scenario analyses provide management with a comprehensive view of future business development.

During the reporting year, the management system was expanded and the following key financial performance indicators were defined:

Return on tangible equity before tax

A key profitability indicator is return on tangible equity before tax, which is calculated by dividing profit attributable to shareholders before tax, less the AT1 coupon, by the average IFRS equity attributable to shareholders available during the financial year, excluding intangible assets, deferred income tax assets and additional equity instruments (AT1 capital).

Profit before tax

Profit before tax (→ Earnings) is a further financial performance indicator and is to be increased both through higher revenues and through strict cost discipline.

Degree of diversification of revenue sources

The new key figure for the degree of diversification of revenue sources, compared with the previous year, is the percentage share of net commission income and other operating revenue of the companies in the Deutsche Investment Group in operating income (→ Earnings).

Cost-income ratio

Cost discipline and efficiency are monitored using the cost-income ratio (→ Earnings), which is the ratio of administrative expenses and the result from depreciation and write-ups on non-financial assets to operating income.

New business volume

The volume of new business (including rollovers with a term of more than one year) in the Real Estate Finance (REF; from 2026 Real Estate Finance Solutions (REFS)) segment (→ Financial Position) is another significant financial performance indicator.

Nominal volume REF/REFS

This volume of new business has a significant impact on the REF/REFS nominal volume (→ , Statement of Financial Position), which is another key financial performance indicator and has a significant influence on future earnings power.

Assets under Management (AuM)

The performance indicator ‘ Assets under Management’ (, AuM), which is new compared to the previous year, refers to the volume of assets managed within the pbb invest division as part of the Real Estate Investment Solutions (REIS) segment, which will be introduced from 2026.

Common Equity Tier 1 Ratio (CET1)

The CET1 ratio (→ Financial Position) is a key performance indicator that is calculated regularly by dividing Common Equity Tier 1 (CET1) by risk-weighted assets (RWA). With the entry into force of Basel IV on 1 January 2025, the application of the calibration of risk-weighted exposure amounts using standardised risk parameters ceased to apply to the majority of commercial financing, which is subject to the Foundation Internal Rating Based Approach (F-IRB).

The Internal Capital Adequacy Assessment Process (ICAAP) remains important for the pbb Group’s risk management, but no longer constitutes a significant financial performance indicator within the meaning of DRS 20.101. The methods and results of the risk-bearing capacity analysis are described in detail in the chapter ‘Economic Capital and Risk-Bearing Capacity (ICAAP)’.

Sustainability is defined as the commitment to making a significant contribution to securing the long-term future through one’s own actions, whilst taking into account the consequences for all of the company’s stakeholders, as well as for society and the environment. In this spirit, the pbb Group aims to combine lasting economic success with sustainability aspects in the best possible way, thereby creating long-term benefits for society and conserving natural resources.

The pbb Executive Board and Supervisory Board engage intensively with ESG (environmental, social and good corporate governance) as part of the business and risk strategy, and regularly review progress in this area. A key basis for this is a system of key performance indicators that is continuously being developed. Regulatory and market developments are also taken into account in this process.

Looking ahead, the pbb Group believes that reducing greenhouse gas emission intensity will emerge as a key cross-company objective. The pbb Group has developed a decarbonisation pathway with the aim of actively steering the REF portfolio towards reducing greenhouse gas emission intensity. This is aligned with the goal of limiting global warming to 1.5 degrees Celsius, calculated from pre-industrial levels up to the year 2050, and incorporates the reference pathways for the real estate sector from the Carbon Risk Real Estate Monitor (CRREM) as a benchmark. The greenhouse gas emission intensity metric, with reduction targets, is derived from the decarbonisation pathway developed. However, as market practices have not yet emerged, the pbb Group has not yet defined any non-financial performance indicators within the meaning of DRS 20.105.

Principles of Corporate Governance

This chapter sets out information on corporate governance arrangements in accordance with Article 435(2) of the CRR and the principles of proper management of the pbb Group in accordance with Section 26a(1), first sentence, of the KWG.

Since its IPO in July 2015, pbb has been subject to the disclosure requirement under the German Corporate Governance Code (DCGK) pursuant to Section 161 of the German Stock Corporation Act (AktG). The declarations of compliance with the German Corporate Governance Code, most recently dated 13 February 2026, are published on pbb's website under 'Company / Corporate Governance'.

Reference is also made here to the Supervisory Board's report, which can be found in the pbb Group's 2025 Annual Report, and to the statement on corporate governance, which is published on pbb's website. This relates in particular to the disclosure requirements under Article 435(2)(d) and (e) of the CRR concerning matters relating to the Risk Committee and the flow of information to the Management Board and the Supervisory Board, which are also described in this Disclosure Report in the chapter 'General Organisation and Principles of Risk Management'.

In the 2025 financial year, the Supervisory Board established four additional committees to carry out its duties: the Executive and Nomination Committee, the Audit Committee, the Risk Management and Liquidity Strategy Committee, and the Remuneration Control Committee. The Supervisory Board and its committees held the following number of meetings in 2025:

- Supervisory Board: ten meetings (including four extraordinary meetings and one inaugural meeting following the Annual General Meeting), plus one additional strategy meeting
- Presiding and Nomination Committee (PNA): eight meetings (including three extraordinary meetings)
- Audit Committee (PA): five meetings
- Risk Management and Liquidity Strategy Committee (RLA): five regular meetings, as well as monthly credit meetings, usually held via teleconference
- Remuneration Control Committee (VKA): six meetings (including one extraordinary meeting).

Further information on the activities and composition of the Supervisory Board and its committees can be found in the 2025 Annual Report, the Supervisory Board Report and the Corporate Governance Statement.

Flow of information to the Executive Board and Supervisory Board on risk matters

Flow of information to the Management Board

The risk reports from the Financial Risk & Control (FRC) division listed below regularly inform the pbb Management Board about key figures and ratios, as well as significant risk aspects that are relevant to the Bank's business and risk management over time.

A key and comprehensive report is the Group Risk Report, which is distributed regularly to both the Management Board and the Supervisory Board. It serves to provide key information on all group-wide risk aspects. The quarterly report is divided into three parts. The first part consists of a management summary of the Group's key risk aspects. The second part provides a detailed overview of the capital adequacy , including the types of risk to be capitalised, Credit risk, Market risk, Liquidity risk, Operational risk, business risk, stress tests and current issues. The third part is the appendix, which contains in-depth information on individual types of risk. In addition to the quarterly reports, there is a monthly Group Risk Report, which essentially consists of a management summary regarding the risks mentioned above.

The monthly ICAAP Flash Report contains information on the pbb Group's risk-bearing capacity from a normative and economic perspective. A management summary presents the status of risk-bearing capacity, limit utilisation and comments on key developments based on preliminary figures.

The quarterly ICAAP Forecast Report (quarters Q1, Q2 and Q4) serves to provide forward-looking key information from the ICAAP. It includes projections of regulatory ratios (e.g. CET1 ratio, Tier 1 ratio) and risk-bearing capacity for both the base scenario and stress scenarios.

The daily "Market Risk and Performance Report pbb Group" contains information on Value-at-Risk (VaR), including VaR limits and their utilisation for all business areas, sensitivities for all relevant market risk categories, and economic performance. Special events and significant changes are commented on from a market risk perspective.

The daily Liquidity Reports for the pbb Group and pbb AG present the base, risk and stress scenarios for the pbb Group and pbb. The reporting is based on contractual cash flows, modelled and optional cash flows, as well as assumptions regarding new business and rollovers. Another component is the current and expected liquidity reserve. Special events and significant changes are commented on from a liquidity risk perspective.

The quarterly "Key Risk Indicator (KRI) Report Non-financial Risks" for the pbb Group contains group-wide key risk indicators used to monitor potentially elevated exposures to non-financial risks, so that any increased Operational risk can be identified at an early stage.

The "Annual Operational Risk Report" for the pbb Group provides an annual summary of the pbb Group's operational risk profile. It includes analyses of operational risk losses, findings from reporting such as the Key Risk Indicator Report for Non-Financial Risks, results of operational risk scenarios and the self-assessment for operational risk, as well as findings regarding the quantification of operational risk.

The report on daily limit breaches within the pbb Group lists all limit breaches at counterparty and country level. Both new and existing limit breaches are reported to the CRO and the members of the pbb Executive Board responsible for Treasury and REF on a daily basis. A quarterly summary is provided to the full pbb Executive Board as part of the Group Risk Report.

The structure and content of the various reports are based in particular on the requirements of MaRisk. Should the Management Board or the Supervisory Board request changes to the presentation or content, these are communicated either bilaterally with the unit responsible for preparing the report or during Group Risk Committee meetings.

Information flow to the Supervisory Board

On the part of the Supervisory Board, information on risk-related topics is provided not only to the full board but also, in particular, to the Risk Management and Liquidity Strategy Committee (RLA). This committee supports the Supervisory Board's oversight of risk and liquidity management, deals with risk strategy, reviews the Management Board's risk reporting and is involved in the credit approval process to the extent specified in the rules of procedure. It regularly discusses the new business, liquidity and refinancing situation and deals with all types of risk in the banking business, such as credit, market, liquidity and operational risks, taking into account the bank's risk-bearing capacity. It also deals with portfolio reports, syndicated lending and development finance, impairment charges for financial assets with impaired credit quality, capital reporting in accordance with the SolvV, country limits, asset-liability management and the results of supervisory reviews. In the 2025 financial year, particular emphasis was placed on reports on the US, UK and office sub-portfolios, as well as development financing. In addition, the RLA dealt intensively with the SRT transaction for the risk shielding of the performing part of the US portfolio, capital planning, internal rating models (IRBA models), the development and implementation of the NPL strategy at pbb, the results of the annual audit and supervisory reviews, as well as the development of the risk culture at pbb, At least once a year, the RLA also discusses the update of the business and risk strategy as well as the developments expected in the property markets in the medium term. Furthermore, the RLA deals with individual loan cases, provided these require approval in accordance with the Management Board's rules of procedure, with new business, regular resubmissions, and with approvals of amendments.

Management or supervisory functions of the Management Board and Supervisory Board

As at the reporting date, the members of pbb's Management Board held 5 and those of the Supervisory Board 18 management or supervisory functions that were actually performed. These are distributed among the individual members of the Management Board and Supervisory Board as follows:

Management or supervisory functions of the Management Board and Supervisory Board (EU OVB)

Name	Number of actually performed management or supervisory mandate	Number of management or supervisory mandates in accordance with the method referred to in Article 91(3) and (4) of Directive 2013/36/EU
Supervisory Board of pbb as at 31 December 2025		
Dr Louis Hagen	3	3
Hanns-Peter Storr	2	2
Karim Bohn	2	2
Gertraud Dirscherl	3	2
Prof. Dr Kerstin Hennig	3	3
Theresia Kirmaier	1	1
Britta Lehfeldt	2	2
Olaf Neumann	1	1
Jennifer Wendels	1	1
Management Board of pbb as at 31 December 2025		
Kay Wolf	1	1
Thomas Köntgen	1	1
Dr Pamela Hoerr	1	1
Jörn Joseph	1	1
Marcus Schulte	1	1
Total	**23**	**22**

For details of the respective roles and mandates, please refer to Note 84 "Members of the Supervisory Board and the Management Board" in the pbb Group's 2025 Annual Report.

Selection of members of the Management Board and Supervisory Board

In accordance with Recommendation C.1 of the German Corporate Governance Code (DCGK) as amended on 28 April 2022, the Supervisory Board has set specific objectives for its composition in its Rules of Procedure and adopted a competence profile for the entire body, which is published on the pbb website. Compliance with this competence profile is reported in the Corporate Governance Statement, including through the presentation of a qualifications matrix for the members of the Supervisory Board. These objectives are supplemented by a list of criteria for newly appointed Supervisory Board members, which specifically takes into account company-specific and technical requirements.

pbb has drawn up lists of criteria for filling a position on the Management Board or the Supervisory Board, which are described below and which pbb considers to be met by the current office holders. The actual knowledge, skills and experience of the members of the Management Board and the Supervisory Board are published in the form of their professional profiles on the company's website under 'Company / Management Board' and 'Company / Supervisory Board' respectively.

The following lists of criteria also form part of the "Suitability Policy" adopted by the Management Board and the Supervisory Board, which, amongst other things, implements the requirements of EBA/ESMA Guideline 2021/06 and describes the processes and criteria for the appointment and (regular) suitability assessments for members of the Management Board

and the Supervisory Board. The following criteria are to be used to assess the individual suitability of a member of the Management Board or Supervisory Board:

- Time commitment: Sufficient time to fulfil the functions within the institution
- Compliance with the restrictions on holding multiple mandates, in particular in accordance with Article 91(3) of the CRD and Section 25d(3) of the KWG (Supervisory Board) and Section 25c(2) of the KWG (Management Board)
- Sufficient knowledge, skills and experience to perform all duties
- Good reputation, honesty and integrity
- Impartiality and independence.

List of criteria for the Management Board

Pursuant to Section 25c of the German Banking Act (KWG), the directors (members of the Management Board) of an institution must be professionally competent and trustworthy for the management of an institution and must devote sufficient time to the performance of their duties. Professional competence requires that the directors possess a sufficient level of theoretical and practical knowledge in the relevant business areas as well as management experience.

- Functional competence
    - As broad an experience as possible in at least one of pbb's business areas, for example Real Estate Finance (front or back office), alternatively also in Corporate or Commercial Banking, and ideally in selected Corporate Centre functions
    - Knowledge of the refinancing of banking business models is advantageous
    - Further relevant practical experience in connection with:
        - banking and financial markets
        - legal requirements and regulatory frameworks
        - strategic planning and an understanding of the pbb Group's strategy or business plan
        - Risk management
        - Accounting and auditing
        - ESG (in particular climate and environmental) strategies and risks
        - Analysis of financial information, identification of significant issues based on this information, and appropriate controls and measures
        - Understanding of data governance, data quality and reporting
        - Assessment of the effectiveness of policies with regard to effective corporate governance and effective controls
        - Compliance (in particular, identification and assessment of money laundering risks and terrorist financing).
- Industry expertise
    - Several years' experience in the financial sector required, preferably in commercial or asset-based banking.
- Seniority
    - The licence to act as a bank director is either already held or, in the case of a first appointment, can be obtained following a reasonable induction period
    - Extensive management experience in executive or senior line management roles; this includes correspondingly extensive and broad-based leadership experience and experience in process and restructuring management
    - Strong entrepreneurial mindset and experience in handling business challenges, such as the further development of the business model and strategy and/or (preferably: banking) management.

> Professional competence

- The requirements for senior managers under Section 25c of the German Banking Act (KWG) necessitate the following areas of professional expertise in particular: strategic management, corporate development, credit expertise, banking management, and sales expertise
- Particularly in the area of credit knowledge and expertise, the ability to make sound assessments of credit decisions is of great importance. This requires proven, qualified and independent credit decision-making practice over a sufficiently long period
- In matters of bank management, knowledge and experience in the context of profit and risk management, as well as familiarity with the methods available in the various areas of bank management, are of great relevance.

> Personality

- A high degree of persuasiveness, negotiating skills and assertiveness – based on well-considered reasoning
- An appreciative and team-oriented leadership style
- A strong ability to build and maintain sustainable, trusting relationships with staff, colleagues and external stakeholders at pbb
- Promotion of teamwork, motivation of staff, creation of a framework for open and critical discussions
- A high degree of authenticity, loyalty and strategic acumen
- Defending the company's interests and demonstrating a strong commitment to its further development; monitoring relevant financial, economic, social and other developments in national and international markets, supported by the ability to identify, implement and communicate necessary changes to third parties
- A credible and principled representative of the bank in the public eye, including in the (customer) markets relevant to pbb.

> Additional requirements for the CEO

- When filling the CEO position, in addition to relevant specialist expertise (such as strategic planning and corporate management) gained in board or senior line management roles, experience in dealing with external stakeholders (investors, the press, rating agencies, etc.) and several years' management experience at executive board level are prerequisites.

> Additional requirements for the CFO

- When filling the CFO position, relevant specialist expertise (such as accounting, auditing, and controlling) gained in executive or senior line management roles is a prerequisite.

> Additional requirements for REFS

- When filling the board position for the REFS division, relevant specialist expertise (in sales, credit and property, as well as customer relations) in executive or senior line management roles is a prerequisite.

- Additional requirement for REIS
  - When filling the board position for the REIS division, relevant specialist expertise (in debt and equity funds, as well as real estate and customer relations) gained in executive or senior line management roles is a prerequisite.
- Additional requirement for CRO
  - When filling the CRO position, relevant specialist expertise (such as in credit operations, risk management, back-office functions and compliance) in executive or senior line management roles is a prerequisite.
- Additional requirements for Treasury
  - When filling the Executive Board position for the Capital Markets/Treasury division, relevant specialist expertise (such as capital markets and refinancing) gained in executive or senior line management roles is a prerequisite.
- Additional requirement: IT
  - When filling the Executive Board position with responsibility for information technology, relevant specialist expertise in executive or senior line management roles is a prerequisite, or must be ensured through appropriate measures to be implemented by the bank to impart these skills.

Competence profile for the Supervisory Board

In accordance with Recommendation C.1 of the DCGK as amended on 28 April 2022, the Supervisory Board has adopted a competence profile for the Supervisory Board, which is published on pbb's website. This includes the following key provisions:

- At least five members of the Supervisory Board, including more than three shareholder representatives, should be independent within the meaning of Recommendations C.6 and C.7 of the DCGK. In accordance with this Code recommendation, a Supervisory Board member is not to be regarded as independent, in particular, if they have a personal or business relationship with pbb, its governing bodies, a controlling shareholder or an affiliated company of the latter, which could give rise to a material and not merely temporary conflict of interest. With regard to employee representatives, it is assumed that their independence is not affected by the mere fact of their role as employee representatives and their employment relationship with the company.
- No more than two former members of the Management Board should sit on the Supervisory Board. Former members of the Management Board should not assume the chairmanship of the Supervisory Board or the chairmanship of a committee.

  In its nominations to the shareholders, the Supervisory Board also pays attention to diversity. In particular, consideration should be given to the extent to which diversity of expertise and views among Supervisory Board members, different, mutually complementary professional profiles, professional and life experience, and appropriate gender representation are conducive to the work of the Supervisory Board. Where appropriate qualifications and capabilities exist, the under-represented gender should be specifically taken into account when appointing members to the Supervisory Board. The Supervisory Board has set a target (minimum) quota of 30% for the under-represented gender.

- As a rule, members of the Supervisory Board should not be older than 70 years of age, and the term of office of a Supervisory Board member should generally end upon the conclusion of the Annual General Meeting following the member's 70th birthday.

- The maximum duration of membership of the Supervisory Board should, as a rule, not exceed three full terms of office within the meaning of Section 102(1) of the German Stock Corporation Act (AktG).

- Compliance with the legal requirements regarding the maximum number of mandates (see Section 25d(3) and (3a) of the German Banking Act (KWG)) and the interconnection of committees (see Section 25d(7), fourth sentence, of the German Banking Act (KWG)).

- The Supervisory Board should, as a whole, cover all necessary areas of expertise, which may arise in particular from the factors described below. Not all members of the Supervisory Board are required to possess these areas of expertise. These may also be covered by at least one member or by several members collectively. These include:

    - Business model-specific knowledge, in particular expertise in real estate, real estate financing and real estate funds
    - International business experience, in particular in Europe and the USA
    - Capital markets experience
    - Appropriate knowledge of digitalisation, information technology and information security (including data protection)
      Accounting and audit within the meaning of Section 100(5) of the German Stock Corporation Act (AktG) and Section 25d(9), third sentence, of the German Banking Act (KWG); accounting and audit also include sustainability reporting and its audit
    - Risk management, including climate and environmental risks
    - Compliance and internal audit
    - Law/corporate governance
    - Data governance, data quality and reporting
      Sustainability (in particular the environment, social responsibility and good corporate governance).

Compliance with this competence profile is reported in the Corporate Governance Statement, which also includes, amongst other things, the qualification matrix for members of the Supervisory Board required under Section C.1 of the DCGK.

List of criteria for the Supervisory Board

Pursuant to Section 25d of the German Banking Act (KWG), members of an institution's management or supervisory body must be trustworthy, possess the necessary expertise to perform their supervisory function and to assess and monitor the business activities carried out by the respective company, and devote sufficient time to the performance of their duties. Candidates should possess the following competencies[1] :

[1] Given that, under the Third-Party Act (DrittelBG), two-thirds of the members of pbb's Supervisory Board are elected by the shareholders and one-third by the employees, it should be noted that the requirements for employee representatives on the Supervisory Board are less stringent. The following remarks therefore apply to employee representatives only to a limited extent, that is to say, in particular, subject to the proviso that they must acquire the necessary knowledge and experience, where necessary, "on the job" or through appropriate further training, whilst the requirements must be met per se with regard to the Supervisory Board members to be proposed for election by the Supervisory Board to the shareholders; however, this does not preclude the shareholders from electing, in individual cases, candidates other than those proposed for election by the Supervisory Board, who may not (yet) meet the requirements. Whether this leads in each case to the election being invalid, the supervisory authority being able to order a resignation, or the elected Supervisory Board member in question acquiring any missing knowledge and experience 'on the job' or through appropriate further training measures, must be assessed on a case-by-case basis in light of the specific circumstances. As a general rule, the principle applies that only requirements laid down by law and in pbb's Articles of Association can render the appointment invalid, whereas, in particular, deviations from the competence profile formulated by the Supervisory Board do not affect the shareholders' election of the candidate.

> Functional competence

  - Excellent knowledge of the banking business as well as extensive and wide-ranging business experience
  - A strong understanding of the assessment of annual financial statements and reports to the Supervisory Board, as well as of the regulatory environment for banks
  - Coverage of at least one of the areas of expertise listed in the Supervisory Board's competence profile in Section 3, or a suitable fit to fulfil the competence profile for the board as a whole.

> Industry expertise

  - Many years' experience in the financial industry, financial management or financial control required; several years' experience in a business division of pbb desirable.

> Seniority

  - Many years' practical experience in the management of a company or an internationally active bank/organisation/corporation, or
  - many years' practical experience in a senior position at a large enterprise or in a management role within a public authority.

> Personality

  - High level of advisory expertise and persuasiveness combined with diplomatic skills
  - Ability to build trust whilst competently carrying out supervisory duties.

> Other experience

  - For the Chair of the Supervisory Board: Qualification as a managing director in accordance with the German Banking Act (KWG), as well as experience in corporate management at a bank comparable to pbb in terms of size and complexity, either as Chair of the Management Board or as a long-standing member of the Management Board.
  - For the chairmanship/membership of the Audit Committee: Special expertise in the fields of auditing or financial statement auditing within the meaning of Section 25d(9), second sentence, of the German Banking Act (KWG) is required. At least one member of the Audit Committee must have expertise in the field of accounting and at least one further member must have expertise in the field of financial statement auditing (Section 107(4), third sentence, of the German Stock Corporation Act (AktG)). The Chair of the Audit Committee should, as a general rule, not also be the Chair of the Supervisory Board.
  - For the chairmanship of the Risk Management and Liquidity Strategy Committee: Special expertise in the field of credit is required. The Chair of the Risk Management and Liquidity Strategy Committee should not simultaneously be the Chair of the Supervisory Board or the Chair of another committee.

Succession planning

In order to minimise the risks of a significant loss of expertise and to ensure the long-term operational capacity of the Management Board and the Supervisory Board, the Supervisory Board has set different appointment and election dates for both the members of the Management Board and the Supervisory Board. In addition, the Supervisory Board, and in particular the Executive and Nomination Committee, is continuously engaged in reviewing and further developing medium- to long-term succession planning. In accordance with the Suitability Policy, the Supervisory Board checks in advance, for its proposals to the Annual General Meeting regarding the election of new shareholder representatives, that the respective candidate meets the legal, regulatory, professional and personal requirements for the mandate and that the specific objectives for the composition of the Supervisory Board, as set out in the competence profile for the full body and taking into account the individual knowledge of the specific candidate, are or would be met. It also ensures with the respective candidate that they can commit the expected time required.

During the reporting period, Susanne Klöß-Braekler did not seek re-election to her mandate, which expires at the 2025 Annual General Meeting, and thus stepped down on 5 June 2025. The selection process for potential candidates to strengthen the Supervisory Board was initiated at an early stage to find her successor. This process was based on the competence profile for the Supervisory Board, the applicable pbb diversity policy, and the relevant legal and regulatory requirements. On this basis, the Supervisory Board proposed to the Annual General Meeting the election of Britta Lehfeldt, who was elected to the Supervisory Board at the Annual General Meeting on 5 June 2025.

Georg Kordick also stepped down from the Supervisory Board with effect from 5 June 2025. Theresia Kirmaier joined the Supervisory Board as an elected substitute member representing employees to replace him.

The Supervisory Board and Chief Risk Officer Andreas Schenk have agreed, on the best of terms, on his departure as of 15 March 2025. The Supervisory Board appointed Jörn Joseph as a member of the Management Board with effect from 1 June 2025 and entrusted him with the role of CRO. His appointment to the Management Board was preceded by a comprehensive planning process within the Supervisory Board.

Furthermore, Thomas Köntgen, who is not seeking a further contract extension after more than 11 years on the pbb Executive Board, will leave the bank on 11 May 2026 upon the expiry of his term of office, by mutual agreement, to pursue new challenges. As the designated successor, Barkha Mehmedagic joined pbb on 1 March 2026, initially as a General Representative, and, subject to the necessary regulatory approvals following a handover period, is expected to take over the Real Estate Finance Solutions (REFS) portfolio on the Management Board on 1 June 2026. Further details on the work of the Supervisory Board are set out in the Supervisory Board's report, which is published in the pbb Group's 2025 Annual Report.

Dr Louis Hagen is stepping down from the pbb Supervisory Board at his own request. The Supervisory Board proposes Jan Kupfer for election to the Supervisory Board at the Annual General Meeting on 21 May 2026. Should he be elected to the Supervisory Board, the Supervisory Board intends to elect Jan Kupfer as Chairman of the Supervisory Board.

Diversity strategy for the selection of members

When filling management positions within the company, the Supervisory Board and the Management Board pay attention to diversity and, in particular, aim to ensure appropriate representation of the under-represented gender (provisions pursuant to Sections 76(4) and 111(5) of the German Stock Corporation Act (AktG)). Against this background, the Management Board and the Supervisory Board have adopted a guideline on diversity within the Management Board and the Supervisory Board. In principle, every candidate must be reliable and sufficiently qualified. In addition to professional expertise in terms of industry and management experience, candidates should be trustworthy individuals of integrity. The requirements regarding the independence of board members must also be taken into account during the selection process. Where there are several suitable candidates, the objective of achieving the greatest possible diversity is also taken into account. Where possible, the composition of the bodies should also reflect the pbb Group's international activities and the composition of the workforce. Specific guidelines regarding the composition of the Supervisory Board and the Management Board exist in terms of age and gender. For instance, members of the Management Board should generally not be older than 60 years of age. To ensure the under-represented gender is taken into account, the Supervisory Board has set the following targets, which are to be met by 30 June 2027:

- Target for the proportion of women on the Supervisory Board: 30%
- Target for the proportion of women on the Executive Board: 20%.

As at 31 December 2025, the proportion of women on the Supervisory Board stood at 56%, as it did on the previous year's reporting date, and at 20% on the Executive Board. The targets for the proportion of women on both bodies have therefore been met. In principle, the Supervisory Board remains committed to specifically considering the under-represented gender when filling vacancies or expanding the Executive Board, provided the candidates possess the appropriate qualifications and capabilities.

The Executive Board also most recently set the previous targets for the first and second management levels below the Executive Board in April 2022 and increased them by 5% in each case. The quotas targeted by 30 June 2027 are therefore:

- Target for the proportion of women at the first management level: 20%
- Target for the proportion of women at the second management level: 20%.

As at the reporting date, the proportion of women at the first management level below the Executive Board stood at 12.5%, and at the second management level below the Executive Board at 14.8%. With these targets, pbb is underlining its commitment to increasing the number of women in management positions and to specifically considering women when filling vacant posts, provided they have the appropriate qualifications and skills. Contributing factors include, amongst others, increased awareness of the issue across all levels and the establishment of a corresponding management and corporate culture. pbb also offers its employees attractive working conditions, in particular flexible working time models and the option of remote working, which help to support the work-life balance. Further details on this can also be found in the separate summary non-financial report.

Remuneration policy

Information on the key features of the pbb Group's remuneration policy and practice in accordance with Article 450 of the CRR will be published after the conclusion of the remuneration round for 2025, taking into account the regulatory deadline set out in Article 434(3) of the CRR. The publication will be made as an annex to this Disclosure Report on the EBA's website (Pillar 3 Data Hub, P3DH or European Data Access Portal, EDAP portal) and additionally on pbb's website (www.pfandbriefbank.com) under Investors / Mandatory Disclosures / Disclosure Report in accordance with Part 8 of the CRR.

Regulatory and accounting consolidation

This chapter presents the information for the pbb Group in accordance with Article 436 of the CRR regarding the scope of consolidation for accounting purposes (accounting scope of consolidation) and the supervisory scope of consolidation.

Regulatory and accounting scope of consolidation

For the purposes of disclosure under Part 8 of the CRR, those group companies must be taken into account which belong to 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 (regulatory scope of consolidation). In contrast, the accounting scope of consolidation is to be understood in accordance with International Financial Reporting Standards (IFRS), as presented in the pbb Group's annual report. As at 31 December 2025, there are no discrepancies between the regulatory scope of consolidation pursuant to Articles 18 to 24 of the CRR and the accounting scope of consolidation for the IFRS consolidated financial statements.

As at the disclosure date, the regulatory scope of consolidation comprises – in addition to pbb as the ultimate parent undertaking of the group – 10 subsidiaries. In determining the aggregated Own funds and the aggregated risk positions in accordance with the CRR, the pbb Group uses the IFRS consolidated financial statements as a basis in accordance with Section 10a(5) of the German Banking Act (KWG). pbb has prepared its consolidated financial statements as at 31 December 2025 in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 in accordance with International Financial Reporting Standards (IFRS). The separate financial statements of the consolidated companies are included in pbb's consolidated financial statements using uniform accounting and valuation principles. All fully consolidated companies have the calendar year as their financial year.

The following table, EU LI3 in accordance with Article 436(b) of the CRR, shows pbb's subsidiaries consolidated for accounting and regulatory purposes.

EU LI3: Description of the differences between the consolidation groups (by individual company)

a	b	c	d	e	f	g	h
	Method of accounting consolidation	**Method of regulatory consolidation**					**Description of the entity**
Name of the entity		**Full consolidation**	**Proportional consolidation**	**Equity method**	**Neither consolidated nor deducted**	**Deducted**	
Deutsche Pfandbriefbank AG, Munich, Germany	Full consolidation	X	-	-	-	-	Credit institution
IMMO Invest Real Estate GmbH, Munich, Germany	Full consolidation	X	-	-	-	-	Financial institution; Acquisition of real estate (property companies) (rescue acquisitions)
pbb Beteiligungs GmbH, Munich, Germany	Full consolidation	X	-	-	-	-	Financial institution; Investment company
pbb invest GmbH, Munich, Germany	Full consolidation	X	-	-	-	-	Financial institution; Investment company
Niagara Asset Management LLC, Wilmington, Delaware, USA	Full consolidation	X	-	-	-	-	Financial institution; Other company
Alabama One Asset Management LLC, Wilmington, Delaware, USA	Full consolidation	X	-	-	-	-	Financial institution; Other company
Alabama Two Asset Management LLC, Wilmington, Delaware, USA	Full consolidation	X	-	-	-	-	Financial institution; Other company
Alabama Three Asset Management LLC, Wilmington, Delaware, USA	Full consolidation	X	-	-	-	-	Financial institution; Other company
Alabama Four Asset Management LLC, Wilmington, Delaware, USA	Full consolidation	X	-	-	-	-	Financial institution; Other company
Alabama Five Asset Management LLC, Wilmington, Delaware, USA	Full consolidation	X	-	-	-	-	Financial institution; Other company
Alabama Six Asset Management LLC, Wilmington, Delaware, USA	Full consolidation	X	-	-	-	-	Financial institution; Other company

[1)] Transfer of profits to shareholders pursuant to a profit transfer agreement.

Changes in the 2025 financial year

In 2025, the following changes occurred in both the regulatory and accounting scope of consolidation of the pbb Group:

- In March 2025, pbb invest GmbH, based in Munich, was established; its sole shareholder is pbb Beteiligungs GmbH, based in Munich, a wholly-owned subsidiary of pbb. As at 31 December 2025, pbb Beteiligungs GmbH and pbb Invest GmbH were included in the consolidated financial statements.

  For regulatory purposes, pbb Beteiligungs GmbH and pbb Invest GmbH are classified as financial institutions under Article 4(1)(26) of the CRR; both companies were consolidated for regulatory purposes as at 31 December 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 established, each with its registered office in Wilmington, Delaware, USA, and its administrative headquarters in Atlanta, Georgia, USA. The companies were established to restructure pbb's real estate financing in the USA. Alabama Four Asset Management LLC, Alabama Five Asset Management LLC and Alabama Six Asset Management LLC were included in the consolidated financial statements as at 31 December 2025. As at 31 December 2025, Alabama Seven Asset Management LLC had no material assets, liabilities or equity, which is why it was not included in the consolidated financial statements as at 31 December 2025.

  All four companies are classified for regulatory purposes as financial institutions under Article 4(1)(26) of the CRR. Alabama Four Asset Management LLC, Alabama Five Asset Management LLC and Alabama Six Asset Management LLC were consolidated for regulatory purposes as at 31 December 2025.

Exemption under Article 19(1) of the CRR

As at the disclosure date, the pbb Group made use of the exemption under Article 19(1) of the CRR in conjunction with Section 31(3) of the German Banking Act (KWG) for one (non-consolidated for both balance sheet and regulatory purposes) subsidiary, Alabama Seven Asset Management LLC, and excluded the company from the scope of regulatory consolidation as at 31 December 2025.

Changes as at 1 January 2026

With effect from 1 January 2026, pbb has acquired majority shareholdings in companies of the Deutsche Investment Group ("DI Group") indirectly via its wholly-owned subsidiary, pbb Beteiligungs GmbH, and the latter's wholly-owned subsidiary, pbb invest GmbH. Within the DI Group, only Deutsche Investment Kapitalverwaltung AG ("DIK") is subject to regulatory consolidation. The acquisition serves to diversify sources of income and strengthen the Real Estate Investment Solutions segment. DIK is an asset management company that launches and manages property funds. The other companies support it with asset, investment, property and facility management services or offer services in these areas to external third parties.

Subsidiaries with capital shortfalls

As at 31 December 2025, the pbb Group has no unconsolidated subsidiaries that have a capital shortfall within the meaning of Article 436(g) of the CRR and whose investment is deducted from the liable equity of the parent company (pbb) (deduction method).

Use of the waiver provision

The use of relief under the so-called waiver provision is described in the chapter "Introduction", section "Waiver provision in accordance with CRR" pursuant to Article 436(f) and (h).

Transfer of own funds or repayment of liabilities

Within the pbb Group, there were no significant legal or factual obstacles in 2025 to the immediate transfer of own funds or the repayment of liabilities by the parent undertaking. The company essential to the Group’s financial stability, pbb, has its registered office in Germany. In the 2025 financial year, there were no transfers of own funds or repayments of liabilities within the meaning of Article 7(1)(a) of the CRR.

Quantitative information on the scope of consolidation

Table EU LI1 in accordance with Article 436(c) of the CRR shows a breakdown of the assets and liabilities of the pbb consolidated financial statements (IFRS) according to the regulatory scope of consolidation, broken down by the risk categories relevant for regulatory capital requirements under Part 3 of the CRR. The pbb consolidated balance sheet (based on the regulatory scope of consolidation) is broken down into the parts relevant to the Credit risk framework, Counterparty credit risk framework, securitisation framework and Market risk framework, as well as the portion of balance sheet items that is not subject to Own funds requirements or a capital deduction.

Table EU LI2 in accordance with Article 436(d) of the CRR also shows the material differences between the accounting book values (in accordance with the regulatory scope of consolidation) and the regulatory exposure at default (EAD) values in accordance with the COREP reporting of own funds and own funds requirements.

EU LI1: Differences between the scope of consolidation for accounting purposes and the regulatory scope of consolidation, and the mapping of financial statement categories to regulatory risk categories

		a	b	c	d	e	f	g
				Carrying amounts of items				
	All figures in € million	Carrying amounts as reported in published financial statements [1]	Carrying amounts within the scope of regulatory consolidation [2]	Subject to the credit risk framework [3]	Subject to the CCR framework [4]	Subject to the securitisation framework [5]	Subject to the market risk framework [6]	Not subject to own funds requirements or subject to deduction from own funds [7]
	Breakdown by asset class according to the balance sheet in the published financial statements							
1	Cash reserve	1,558	1,558	1,558	-	-	-	-
2	Financial assets at fair value through profit or loss	912	912	742	170	-	223	-
3	Positive fair values of stand-alone derivatives	170	170	-	170	-	31	-
4	Equity instruments	1	1	1	-	-	-	-
5	Debt securities	41	41	41	-	-	-	-
6	Loans and advances to customers	697	697	697	-	-	192	-
7	Shares in investment funds classified as debt instruments	3	3	3	-	-	-	-
8	Financial assets at fair value through other comprehensive income	1,404	1,404	1,404	-	-	-	-
9	Debt securities	1,404	1,404	1,404	-	-	-	-
10	Loans and advances to customers	-	-	-	-	-	-	-
11	Financial assets at amortised cost after credit loss allowances	35,638	35,638	35,063	575	-	5,587	-
12	Financial assets at amortised cost before credit loss allowances	36,470	36,470	35,895	575	-	6,109	-
13	Debt securities	4,839	4,839	4,839	-	-	321	-
14	Loans and advances to other banks	1,228	1,228	686	542	-	37	-
15	Loans and advances to customers	30,294	30,294	30,261	33	-	5,751	-
16	Claims arising from finance lease agreements	109	109	109	-	-	-	-
17	Credit loss allowances on financial assets at amortised cost	-832	-832	-832	-	-	-522	
18	Positive fair values of hedge accounting derivatives	102	102	-	102	-	1	-
19	Valuation adjustment from portfolio hedge accounting (assets)	-31	-31	-31	-	-	-	-
20	Investments accounted for using the equity method	4	4	4	-	-	4	-
21	Tangible assets	28	28	28	-	-	-	-
22	Intangible assets	44	44	22	-	-	-	22
23	Other assets	113	113	61	-	-	-	52
24	Current income tax assets	21	21	21	-	-	-	-
25	Deferred income tax assets	88	88	85	-	-	-	3
26	**Total assets**	**39,881**	**39,881**	**38,957**	**847**	**0**	**5,815**	**77**

	All figures in € million	a	b	c	d	e	f	g
		Carrying amounts as reported in published financial statements [1]	**Carrying amounts within the scope of regulatory consolidation [2]**	**Carrying values of items**				
				Subject to the credit risk framework [3]	**Subject to the CCR framework [4]**	**Subject to the securitisation framework [5]**	**Subject to the market risk framework [6]**	**Not subject to own funds requirements or subject to deduction from own funds [7]**
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Financial liabilities at fair value through profit or loss	220	220	-	220	-	22	-
2	Negative fair values of stand-alone derivatives	220	220	-	220	-	22	-
3	Financial liabilities measured at amortised cost	35,816	35,816	-	69	-	3,051	35,747
4	Liabilities to other banks	1,364	1,364	-	67	-	155	1,297
5	Liabilities to customers	16,847	16,847	-	2	-	209	16,845
6	Bearer bonds	16,965	16,965	-	-	-	2,687	16,965
7	Subordinated liabilities	640	640	-	-	-	-	640
8	Negative fair values of hedge accounting derivatives	607	607	-	607	-	24	-
9	Valuation adjustment from portfolio hedge accounting (liabilities)	-26	-26	-	-	-	-	-26
10	Commission	92	92	4	-	-	-	88
11	Other liabilities	58	58	-	-	-	-	58
12	Current income tax liabilities	9	9	-	-	-	-	9
13	Deferred tax liabilities	1	1	-	-	-	-	1
14	**Liabilities**	**36,777**	**36,777**	**4**	**896**	**0**	**3,097**	**35,877**
15	Equity	3,104	3,104	-	-	-	-	3,104
16	Equity attributable to pbb shareholders	2,806	2,806	-	-	-	-	2,806
17	Additional Tier 1 capital instruments (AT1 capital)	298	298	-	-	-	-	298
18	**Total equity and liabilities**	**39,881**	**39,881**	**4**	**896**	**0**	**3,097**	**38,981**

[1] Carrying amounts in accordance with International Financial Reporting Standards (IFRS) as per the pbb consolidated financial statements (following approval of the annual financial statements).
[2] As at the disclosure date, there are no discrepancies between the regulatory scope of consolidation and the accounting scope of consolidation for the pbb consolidated financial statements (IFRS).
[3] In accordance with the Pillar 3 framework, Annex VI, risk positions for which the exposure value is determined in accordance with Part 3, Title II, Chapter 2 “Standardised Approach” and Chapter 3 “IRB approach” of the CRR.
[4] In accordance with the Pillar 3 framework, Annex VI, exposures for which the exposure value is determined in accordance with Part 3, Title II, Chapter 6 ‘Counterparty credit risk’ of the CRR (derivatives). In addition, this column includes exposures for which the exposure value is determined in accordance with Part 3, Title II, Chapter 4 ‘Credit risk mitigation’ of the CRR (securities financing transactions).
[5] In accordance with the Pillar 3 framework, Annex VI, exposures for which the exposure value is determined in accordance with Part 3, Title II, Chapter 5 ‘Securitisations’ of the CRR.
[6] In accordance with the Pillar 3 framework, Annex VI, exposures for which the exposure value is determined in accordance with Part 3, Title IV “Own funds requirements for Market risk” of the CRR.
[7] Column g shows the amounts deducted from regulatory own funds in respect of balance sheet assets. Positions subject to a risk weight of 1,250% are not included therein; these are allocated to the relevant risk category (columns c to f).

Breakdown of assets and liabilities

For the pbb Group, the regulatory and accounting scope of consolidation are identical as at the disclosure date; there are no differences in amounts due to a different composition of the consolidation groups (EU LI1, columns a and b).

In line with the pbb Group's business model, with its core business being commercial property financing and a focus on Pfandbrief-eligible business, the assets are primarily subject to Own funds requirements for Credit risk (EU LI1, column c).

In addition, transactions denominated in foreign currencies are also subject to Own funds requirements for Market risk (EU LI1, column f). These assets/liabilities are therefore allocated to more than one risk category, which is why the sum of the values in columns c to g does not necessarily correspond to the carrying amount in column b. The pbb Group does not maintain a trading book for securities and derivatives portfolios held with the intention of generating short-term profit; consequently, these transactions are subject solely to the Own funds requirements for foreign exchange risk in the banking book with regard to market risk.

Transactions subject to Counterparty credit risk (derivatives and securities financing transactions) are shown in column d. In connection with its derivatives and securities financing transactions, the pbb Group uses standard market master agreements, including the relevant collateral agreements. The master agreements used for derivatives as well as for securities repurchase and securities lending transactions contain netting agreements, whereby, in the event of the insolvency of a contracting party, a single claim is established through the termination and netting of all transactions concluded under a master agreement, so that, in the event of a counterparty's default, pbb is only entitled to or obliged to pay the balance of the positive and negative market values of the recognised individual transactions (so-called 'close-out netting'). This reduces the credit risk in relation to the respective counterparty to a single net claim. In this respect, the Counterparty credit risk in Table EU LI1 relates to both assets and liabilities.

In the case of synthetic securitisations, the securitised portfolio is generally not derecognised under IFRS. The securitised receivables underlying a synthetic securitisation, which continue to be recognised in the pbb Group's balance sheet and classified in their assigned IFRS category, remain subject to the Credit risk framework (EU LI1, column c). The effect of the Credit risk transfer is shown in table EU LI2, row 10.

The capital deduction items for regulatory adjustments in accordance with the CRR (for example, for intangible assets) are shown in column g. Further information on these regulatory adjustments is provided in the section "Own funds". Positions assigned a risk weight of 1,250% are not included in column g; these are allocated to the relevant risk framework (EU LI1, columns c to f).

Liabilities are predominantly allocated to column g, as they do not give rise to risk positions requiring capital backing. Exceptions to this are transactions denominated in foreign currencies, which are subject to the Market risk framework, and derivative and securities financing transactions subject to Counterparty credit risk, which are subject to the Counterparty credit risk framework.

The following table EU LI2 sets out the key differences between the carrying amounts in the financial statements, using the regulatory scope of consolidation, and the exposure at default (EAD) figures recognised for regulatory purposes.

EU LI2: Main causes of differences between regulatory exposure amounts and carrying amounts in the financial statements

		a	b	c	d	e
		Total	Items subject to			
All figures in € million			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Carrying amount of assets within the scope of regulatory consolidation (as per EU LI1)** [1]	**39,881**	**38,957**	**0**	**847**	**5,815**
2	Carrying amount of liabilities within the regulatory scope of consolidation (as per EU LI1) [1]	39,881	4	-	896	3,097
3	Total net amount within the regulatory scope of consolidation [2]	-	38,953	-	-49	2,718
4	**Off-balance-sheet amounts**	**1,586**	**1,586**	**0**	**0**	———
5	Differences in valuations	-	-	-	-	———
6	Differences due to different netting rules, other than those already included in row 2	-550	-	-	-550	———
7	Differences due to the recognition of provisions	637	637	-	-	———
8	Differences due to the use of credit risk mitigation techniques (CRMs)	-	-	-	-	———
9	Differences due to credit conversion factors	-940	-940	-	-	———
10	Differences due to securitisation with risk transfer	-324	-1,710	1,386	-	———
11	Other differences	-201	-124	-	-	———
12	**Exposure amounts considered for regulatory purposes** [3]	**40,089**	**38,406**	**1,386**	**297**	**224**

[1] Carrying amounts in the balance sheet in accordance with the IFRS consolidated financial statements, applying the regulatory scope of consolidation (EU LI1, column b).
[2] Net amount after offsetting assets and liabilities, calculated as the difference between line 1 and line 2.
[3] Regulatory exposure at default (EAD)

Significant differences between carrying amounts in the balance sheet and regulatory exposure at default

Assets in accordance with the pbb consolidated financial statements (IFRS) using the regulatory scope of consolidation amounted to €39,881 million as at the disclosure date (EU LI1, line 26 and EU LI2, line 1). The exposure at default (EAD) values taken into account for regulatory purposes amount to €40,089 million (EU LI2, line 12).

The CRR-compliant EAD for counterparty default risk exposures represents the outstanding claim in the event of a default and, for most products, corresponds to the IFRS carrying amount on the balance sheet (including accrued interest). An exception is made for derivatives and securities financing transactions, where the EAD does not correspond to the carrying amount but must be determined using a different methodology in accordance with the CRR. This applies, for example, to derivatives under the Supervisory Standardised Approach (SA-CCR). The EAD is determined for all receivables, regardless of whether a default event has actually already occurred or not. In the case of an existing committed undrawn facility, this – multiplied by the product-specific credit conversion factor (CCF) – is included as a further component in the EAD. The CCF indicates how much of an undrawn facility is expected to be drawn down within one year prior to a potential default.

The main reasons for the differences between the carrying amounts on the balance sheet (IFRS) and the regulatory exposure values, as shown in Table EU LI2, are:

> Netting effects resulting from the calculation of risk exposure amounts for transactions subject to Counterparty credit risk (derivatives and securities financing transactions). The pbb Group applies the regulatory requirements for off-balance-sheet netting (based on standard market master agreements and collateral arrangements) to both derivative financial instruments and securities repurchase/securities lending transactions, provided that the contractual arrangements meet the requirements for risk-mitigating recognition in accordance with Article 296 CRR or Article 206 CRR (EU LI2, line 6).

  For derivative transactions, the pbb Group applies the standardised approach (SA-CCR) in accordance with Articles 274 et seq. of the CRR. For balance sheet purposes, however, derivatives – with the exception of balance sheet netting for derivatives cleared via Eurex Clearing – cannot be offset, as they have different terms (for example, different maturities or underlying currencies). Similarly, collateral arrangements (collateral received or provided) cannot be offset against derivatives on the balance sheet.

  For securities financing transactions (securities repurchase agreements/securities lending transactions), the pbb Group applies the provisions on credit risk mitigation under Chapter 4 of the CRR, specifically the comprehensive method for recognising financial collateral under Articles 223 et seq. of the CRR. For regulatory purposes, in addition to Credit risk, the counterparty default risk is also taken into account for securities subject to repurchase agreements that remain part of balance sheet assets. For accounting purposes, securities repurchase and securities lending transactions are not offset.

  The pbb Group does not apply cross-product netting (derivatives versus securities financing transactions).

> The recognition of value adjustments on financial assets (Stages 1 to 3) and provisions for off-balance-sheet lending for risk positions for which the pbb Group uses the IRB Basic Approach (F-IRBA) based on internal bank rating procedures (EU LI2, line 7). Unlike the Standardised Approach to credit risk (SA), in the F-IRBA credit risk adjustments are not deducted from the carrying amount on the balance sheet, but are taken into account in the comparison of credit risk adjustments (credit risk adjustments versus expected loss).

> The regulatory application of credit conversion factors (CCF) to off-balance-sheet items (EU LI2, line 9). Under the F-IRBA, a CCF of 40% is prescribed by regulatory requirements for the vast majority of products in the pbb portfolio. Off-balance-sheet items include irrevocable loan commitments (such as loans not yet fully disbursed) as well as contingent liabilities arising from guarantees and warranty agreements. Irrevocable loan commitments constitute the majority of off-balance-sheet commitments.

> The securitised exposures underlying a synthetic originator securitisation are no longer classified as Credit risk due to the transfer of risk, but are subject to the securitisation framework (EU LI2, line 10). The originator securitisation positions are based exclusively on securitisations within the scope of the IRB approach, so that

the SEC-IRBA regulatory approach is used to calculate the risk-weighted exposure amounts of the originator securitisation positions.

> In the EU LI2, line 11 ‘Other differences’, other reconciliation effects are reported that are not already included in reconciliation lines 5 to 10. Thus, items that are deducted from regulatory capital, such as parts of intangible assets (acquired and internally developed software), are not included in the exposure values. These are taken into account in line 11, amongst other places.

  By contrast, neither additional valuation adjustments (AVAs) pursuant to Article 34 CRR in conjunction with Article 105 CRR regarding a prudent valuation of assets carried at fair value, nor the further so-called ‘prudential filters’ under Articles 32, 33 and 35 of the CRR have no impact on the carrying amounts (IFRS) or the regulatory risk exposure amounts, which is why they are not reported in EU LI2, line 5. These adjustment items, which are to be applied for regulatory purposes, adjust the balance sheet equity determined in accordance with IFRS; they are deducted in full from CET1 (see EU CC1, line 7).

> The differences between the carrying amounts (EU LI2, line 1) and the regulatory risk exposure amounts (EU LI2, line 12) for market risk result from the calculation of the net foreign currency position under the market risk standardised approach in accordance with the CRR II regulations in conjunction with the DVO (EU) 2021/637. The regulatory foreign currency risk is calculated on the basis of the present values of the relevant assets/liabilities, whereby various offsets between asset and liability positions in a single currency are applied, whilst the carrying amounts on the balance sheet show the respective assets and liabilities in foreign currency.

Prudent valuation of assets

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 “Additional Valuation Adjustments” in conjunction with Article 105 CRR “Requirements for Prudent Valuation”. To determine these additional valuation adjustments (AVAs), the pbb Group applies the simplified approach in accordance with Chapter II “Simplified approach for determining AVAs” of Delegated Regulation (EU) 2016/101. Institutions may use this approach in accordance with Article 4(1) of the Delegated Regulation if the sum of the absolute value of assets and liabilities carried at fair value in the annual financial statements, less the offsetting possibilities under Article 4(2), is below the threshold of €15 billion. For the pbb Group, this figure amounts to €3.2 billion as at the disclosure date according to the pbb consolidated financial statements (IFRS) (31 December 2024: €3.8 billion).

Disclosure of the EU PV1 table in accordance with Article 436(e) of the CRR is therefore not relevant for the pbb Group. The pbb Group does not apply the core concept for determining additional valuation adjustments (AVAs) in accordance with Chapter III of the Delegated Regulation.

Neither the additional valuation adjustments (AVAs) pursuant to Article 34 CRR in conjunction with Article 105 CRR regarding a prudent valuation of assets carried at fair value, nor the other so-called ‘prudential filters’ under Articles 32 (securitisations), 33 (hedging transactions for cash flows and changes in the value of own liabilities) and 35 (unrealised gains and losses resulting from fair value accounting) of the CRR have no impact on the carrying amounts in the balance sheet (IFRS) or the regulatory exposure amounts. These adjustment items, which are to be applied for regulatory purposes, adjust the equity determined in accordance with IFRS; they therefore lead to an increase or decrease in regulatory own funds.

As at the disclosure date, the additional valuation adjustments for the pbb Group amount to approximately €3 million (0.1% of the above-mentioned sum of the absolute value of assets and liabilities measured at fair value). These are deducted in full from Common Equity Tier 1 (CET1) capital, as shown in Table EU CC1 (row 7).

Own funds and assets

Own funds

This section presents the information required under Article 437 of the CRR regarding the pbb Group's own funds.

The main features of the Common Equity Tier 1, Additional Tier 1 Capital and Tier 2 Capital instruments issued by pbb in accordance with Article 437(b) and (c) of the CRR, Table EU CCA, are set out in the separate appendix "Disclosure Report (31 December 2025) – Main Features of Capital Instruments". In addition to this Disclosure Report, the annex is published on the EBA website (P3DH, EDAP portal) and also on the pbb website (www.pfandbriefbank.com) under Investors / Mandatory Disclosures / Disclosure Report in accordance with Part 8 of the CRR.

Regulatory own funds

Regulatory own funds, which are decisive for meeting regulatory own funds requirements and thus for the capital underpinning of the risk categories 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 comprise:

- Common Equity Tier 1 (CET1)
- Additional Tier 1 Capital (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) of the CRR and Article 444(e) of the CRR, shows the composition of the pbb Group's own funds, as well as the capital ratios and capital buffers as at the disclosure date. The basis for the own funds listed in the table is the COREP report on own funds and own funds requirements of the pbb Group as at 31 December 2025 (following approval of the 2025 consolidated financial statements). Table EU CC1 contains cross-references (column b) to the respective item in Table EU CC2 for the reconciliation of regulatory own funds with the published pbb Group balance sheet or the balance sheet equity (IFRS).

EU CC1: Composition of regulatory own funds

		a	b
All figures in € million, unless otherwise stated		31 December 2025	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	2,017	Reference EU CC2, line 32
1a	of which: subscribed capital	380	Reference EU CC2, line 33
1b	of which: additional paid-in capital	1,637	Reference EU CC2, line 34
2	Retained earnings	1,182	Reference EU CC2, line 35
3	Accumulated other comprehensive income (and other reserves)	-109	Reference EU CC2, line 36
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484(3) of the CRR and the related share premium accounts subject to phase-out from CET1	-	
5	Minority interests (amount included in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	See EU CC2, line 37
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**3,090**	Reference EU CC2, line 39
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-3	Reference EU CC2, line 40
8	Intangible assets (net of related tax liability) (negative amount)	-22	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)	-3	Reference EU CC2, line 42
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not measured at fair value	44	Reference EU CC2, line 43
12	Negative amounts resulting from the calculation of expected loss amounts	-172	Reference EU CC2, line 44
13	Any increase in equity resulting from securitised assets (negative amount)	-	
14	Gains or losses on liabilities measured 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 its 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 artificially inflate the institution's own funds (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	
EU-20a	Exposure amount of the following items which qualify for a risk weight of 1,250%, where the institution opts for the deduction alternative	-	
EU-20b	thereof: qualifying holdings outside the financial sector (negative amount)	-	
EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	

All figures in € million, unless otherwise stated		(a) 31 December 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 the 10% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17.65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities in which the institution has a significant investment	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-284	
EU-25b	Foreseeable tax charges relating to CET1 items, except where the institution suitably adjusts the amount of CET1 items to the extent that such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
27	Qualifying AT1 deductions that exceed the institution's AT1 items (negative amount)	-	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments where relevant)	-85	Reference EU CC2, line 46
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-525**	Reference EU CC2, line 47
29	**Common Equity Tier 1 (CET1) capital**	**2,565**	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	of which: classified as equity under applicable accounting standards	298	Reference EU CC2, line 50
32	of which: classified as liabilities under applicable accounting standards	-	Reference EU CC2, line 51
33	Amount of qualifying items referred to in Article 484(4) CRR and the related share premium accounts subject to phase-out from AT1 as described in Article 486(3) CRR	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase-out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase-out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase-out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	298	Reference EU CC2, line 52
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of its own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross-holdings with the institution designed to artificially inflate the institution's own funds (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	

All figures in € million, unless otherwise stated		(a) 31 December 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 institution's T2 items (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)**	**2,863**	Reference EU CC2, line 56
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	389	Reference EU CC2, line 57
47	Amount of qualifying items referred to in Article 484(5) of the CRR and the related share premium accounts subject to phase-out from T2 as described in Article 486(4) of the CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase-out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase-out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase-out	-	
50	Credit risk adjustments	-	Reference EU CC2, line 58
51	**Tier 2 (T2) capital before regulatory adjustments**	**389**	Reference EU CC2, line 59
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of its own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross-holdings with the institution designed to artificially inflate the institution's own funds (negative amount)	-	
54	Direct, indirect and synthetic holdings of T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	
55	Direct, indirect and synthetic holdings by the institution of 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	Deductions from qualifying eligible liabilities that exceed the institution's eligible liabilities (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**	Reference EU CC2, line 61
58	**Tier 2 (T2) capital**	**389**	Reference EU CC2, line 62
59	**Total capital (TC = T1 + T2)**	**3,252**	Reference EU CC2, line 63
60	**Total risk exposure amount**	**17,495**	

All figures in € million, unless otherwise stated		(a) 31 December 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)**	**14.66%**	
62	**Tier 1 (as a percentage of total risk exposure amount)**	**16.36%**	
63	**Total capital (as a percentage of total risk exposure amount)**	**18.59%**	
64	Institution's CET1 overall capital requirement (CET1 requirement in accordance with Article 92(1) of the CRR, plus the additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) of the CRD, plus the combined buffer requirement in accordance with Article 128(6) of the CRD) expressed as a percentage of the risk exposure amount)	9.86%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.96%	
67	of which: systemic risk buffer requirement	0.07%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	
EU-67b	of which: additional own funds requirements to address risks other than the risk of excessive leverage	1.83%	
68	Common Equity Tier 1 capital available to meet buffers (as a percentage of risk-weighted assets)	7.34%	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below the 17.65% threshold and net of eligible short positions)	-	
75	Deferred tax assets arising from temporary differences (amount below the 17.65% threshold, net of related tax liability where the conditions in Article 38(3) of the CRR are met)	85	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to the standardised approach (prior to the application of the cap)	-	
77	Cap on the inclusion of credit risk adjustments in T2 under the standardised approach	48	
78	Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings-based approach (prior to the application of the cap)	-	
79	Cap on the inclusion of credit risk adjustments in T2 under the internal ratings-based approach	74	
Capital instruments subject to phase-out arrangements (applicable only between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	-	
81	Amount excluded from CET1 due to 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 the cap (excess over the cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase-out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Tier 1 Capital

Regulatory Tier 1 Capital (T1) in accordance with Article 25 of the CRR consists of Common Equity Tier 1 (CET1) and Additional Tier 1 Capital (AT1). It is based on balance sheet equity under IFRS amounting to €3,104 million, adjusted for regulatory adjustments.

Common Equity Tier 1

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

As at 31 December 2025, pbb's subscribed capital (share capital) remains unchanged at approximately €380 million (EU CC1, line 1a). Share capital is the capital to which the shareholders' liability for the corporation's liabilities to creditors is limited. It is divided into 134,475,308 bearer ordinary shares in the form of no-par value shares, each representing a notional share in the subscribed capital (share capital) of approximately €2.83 per share. pbb did not hold any treasury shares in the 2025 financial year.

In addition to the subscribed capital (share capital), the Common Equity Tier 1 capital consists of the capital reserve of €1,637 million (EU CC1, line 1b), the retained earnings of €1,182 million (EU CC1, lines 2 and EU-5a) – after taking into account the AT1 coupon payment of €25 million made in April 2025 and the profit after tax from 1 January to 31 December 2025 of €-284 million – and the accumulated other comprehensive income of €-109 million (EU CC1, line 3).

Common Equity Tier 1 (CET1) capital before regulatory adjustments amounts to €3,090 million (EU CC1, line 6). It is subject to regulatory adjustments in accordance with various items prescribed by the CRR; a total of €525 million was deducted (EU CC1, line 28):

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

  When calculating its own funds, the pbb Group takes into account the requirements for the prudent valuation of assets carried at fair value in accordance with Article 34 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 assets and liabilities carried at fair value in the annual financial statements, net of offsetting opportunities, is below the threshold of €15 billion. For the pbb Group, this figure amounts to €3.2 billion as at the disclosure date, according to the pbb consolidated financial statements (IFRS).

- Intangible assets (primarily purchased and internally developed software) totalling €44 million are deducted from CET1 in the amount of €22 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 calculated over a regulatory depreciation period of 3 years (but not longer than the accounting depreciation period). The pbb Group applies this provision to conservatively valued software assets amounting to €22 million. These software assets, which are not deducted from CET1, are risk-weighted under the standardised approach to Credit risk, in the 'Other items' exposure class.

- Deferred income tax assets total €88 million. Of these, deferred tax assets not arising from temporary differences (after offsetting against deferred tax liabilities in the balance sheet) are deducted from CET1 in accordance with Article 38(3) of the CRR in the amount of €3 million (EU CC1, line 10).

  Deferred tax assets of €85 million resulting from temporary differences are risk-weighted under the standardised approach to Credit risk, exposure class "Other items".

- The cash flow hedge reserve of €-44 million still included in accumulated other comprehensive income is neutralised in CET1 in accordance with Article 33 of the CRR (EU CC1, line 11: €+44 million).
- Institutions applying the IRB approach (A-IRB or F-IRB) based on internal 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 there is a shortfall in value adjustments (Stages 1 to 3) and provisions in the lending business compared to the expected loss, this must be deducted from CET1. In this context, specific provisions (Stage 3 provisions) for defaulted exposures may not be used to cover the expected loss amounts of non-defaulted exposures. At the end of 2025, there was a provision shortfall of €-172 million (EU CC1, line 12).
- The loss for the current financial year (profit after tax: €-284 million) is deducted in full from CET1 in accordance with Article 36(1)(a) of the CRR (EU CC1, line EU-25a).
- The item “Other regulatory adjustments” amounting to €-85 million (EU CC1, line 27a) comprises the following deductions from CET1:
  - Liabilities arising from banking levies amounting to €52 million. These include, in particular, expenses for security deposits for the European banking levy paid to BaFin as the national resolution authority, as well as payments made to the German Banks’ Compensation Scheme (statutory deposit guarantee) and the Deposit Protection Fund of private banks at the Association of German Banks (BdB). A deduction requirement arises from the ECB’s SREP decision.
  - An amount of €30 million for the minimum coverage of non-performing exposures (NPL backstop). Of this, €23 million relates to defaulted loans and credits in accordance with Article 47a et seq. of the CRR, which were granted or increased after 26 April 2019, and €2 million to claims that defaulted before 1 April 2018 (legacy portfolio). The loan defaults leading to an NPL backstop under the ECB Addendum amount to €6 million. The ECB Addendum extended the requirements to defaulted exposures that have defaulted since 1 April 2018 and are therefore not covered by the aforementioned Article 47a et seq. of the CRR.
  - Gains and losses from derivative liabilities measured at fair value resulting from the institution’s own Credit risk (Debt Value Adjustment, DVA) amounting to €3 million. The requirement to deduct the DVA arises from Article 33(1)(c) of the CRR.

In total, the pbb Group’s Common Equity Tier 1 (CET1) capital amounted to €2,565 million as at the reporting date.

Additional Tier 1 Capital

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

The Additional Tier 1 Capital consists of subordinated bearer bonds with a total nominal value of €300 million and an initial interest rate of 5.750% p.a., which were issued by pbb in April 2018 and are available on a perpetual basis without any redemption incentives. Since 28 April 2023, a coupon of 8.474% p.a. has applied, based – as stipulated in the terms and conditions of the bond – on the reference rate applicable on the relevant date (five-year euro mid-swap rate) plus 5.383% p.a. For balance sheet purposes, the AT1 capital also qualifies as equity under IFRS, as there is no obligation to repay or service it on an ongoing basis, subject to certain conditions (in principle, a discretionary coupon). 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 final maturity date; however, they were initially callable by pbb on 28 April 2023 and have been callable every five years since then. Furthermore, for regulatory and tax reasons, the bonds are callable by pbb, subject in each case to the prior approval of the competent supervisory authority. Creditors do not have a right of ordinary termination.

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

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

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

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

Tier 2 Capital

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

All subordinated liabilities bear interest at market rates. The issuer has no obligation to make early repayment. They are subordinated to all claims of creditors that are not themselves subordinated (in the event of liquidation, insolvency or any other insolvency or similar proceedings), but have priority over both the liquidation claims of shareholders and the claims of AT1 capital instruments (Additional Tier 1 Capital). No subsequent restriction of the subordination, the term or the notice period is permitted. Debtor's call options are possible under certain contractual conditions. The original maturities are at least 5 years and are generally between 10 and 20 years. In the event of a crisis at pbb, the competent resolution authority has the (statutory) option, under conditions defined in more detail by law, to convert the Tier 2 Capital into pbb shares or to write down the Tier 2 Capital (so-called bail-in).

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

As at the disclosure date, the Tier 2 Capital amounts to €389 million, taking into account discounts and amortisation in accordance with Article 64 of the CRR. In connection with a partial repurchase of two existing Tier 2 instruments, pbb simultaneously issued a new Tier 2 bond of €300 million. Settlement of this new issue took place on 4 July 2025.

Own funds

The pbb Group's regulatory own funds, which are decisive for meeting regulatory own funds requirements and thus for capital adequacy, total €3,252 million (+€66 million compared with 30 June 2025). This comprises €2,565 million in Common Equity Tier 1 Capital (CET1; a decrease of €136 million compared with 30 June 2025), € €298 million in Additional Tier 1 Capital (AT1) and €389 million in Tier 2 Capital (+€202 million compared with 30 June 2025; T2).

The €136 million reduction in Common Equity Tier 1 (CET1) capital is attributable to increased capital deductions (regulatory adjustments), primarily due to the negative post-tax result and the shortfall in loan loss provisions under the IRB approach.

The €202 million increase in Tier 2 Capital (T2) results primarily from the newly issued Tier 2 bond (€300 million), as well as from the repayment of a maturing Tier 2 instrument and reductions in the recognition of subordinated bonds, due to daily amortisation in accordance with Article 64 of the CRR.

Reconciliation of regulatory own funds and balance sheet equity

The following table EU CC2 shows, in accordance with Article 437(a) of the CRR, the reconciliation of regulatory own funds with the published pbb Group balance sheet as at 31 December 2025, in particular with accounting equity (IFRS). The table contains cross-references (column c) to the respective regulatory capital item in Table EU CC1.

The pbb Group's accounting equity (IFRS) amounted to €3,104 million at the end of 2025 (EU CC2, row 31). Further information on the composition of balance sheet equity (IFRS) and its development is provided in the pbb Group's 2025 Annual Report (published on the pbb website), in the notes 'Statement of Changes in Equity' (page 101), 25 "Equity" (page 120) and 66 "Equity" (page 147 et seq.).

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

		a	c
All figures in € million		Balance sheet as in published financial statements under regulatory scope of consolidation [1)] 31 December 2025	Reference
Assets – Breakdown by asset class according to the balance sheet in the published financial statements			
1	Cash reserve	1,558	
2	Financial assets at fair value through profit or loss	912	
3	Financial assets at fair value through other comprehensive income	1,404	
4	Financial assets at amortised cost after credit loss allowances	35,638	
5	Positive fair values of hedge accounting derivatives	102	
6	Valuation adjustment from portfolio hedge accounting (assets)	-31	
7	Investments accounted for using the equity method	4	
8	Tangible assets	28	
9	Intangible assets	44	
10	Other assets	113	
11	Current income tax assets	21	
12	Deferred income tax assets	88	
13	**Total assets**	**39,881**	
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	220	
15	Financial liabilities measured at amortised cost	35,816	
16	Subordinated liabilities [2)]	640	
17	Negative fair values of hedge accounting derivatives	607	
18	Valuation adjustment from portfolio hedge accounting (liabilities)	-26	
19	Commissions	92	
20	Other liabilities	58	
21	Current income tax liabilities	9	
22	Deferred tax liabilities	1	
23	**Liabilities**	**36,777**	
24	Equity attributable to the shareholders of pbb	2,806	
25	Subscribed capital	380	
26	Additional paid-in capital	1,637	
27	Retained earnings	898	
28	Accumulated other comprehensive income	-109	
29	Additional equity instruments (AT1) [2]	298	
30	Non-controlling interests	-	
31	**Equity**	**3,104**	
32	**Total equity and liabilities**	**39,881**	
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	of which: subscribed capital	380	Reference EU CC1, line 1a
35	of which: additional paid-in capital	1,637	Reference EU CC1, line 1b
36	Retained earnings	1,182	Reference EU CC1, lines 2 and EU-5a
37	Accumulated other comprehensive income	-109	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)	-	
40	**Common Equity Tier 1 (CET1) before regulatory adjustments**	**3.090**	Reference EU CC1, line 6
	Common Equity Tier 1 (CET1): regulatory adjustments		
41	Additional value adjustments (negative amount)	-3	Reference EU CC1, line 7
42	Intangible assets (net of related tax liability) (negative amount)	-22	Reference EU CC1, line 8

All figures in € million		a Balance sheet as in published financial statements under the regulatory scope of consolidation [1)] 31 December 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)	-3	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	-172	Reference EU CC1, line 12
46	Gains or losses on liabilities measured at fair value resulting from changes in own credit standing	-	Reference EU CC1, line 14
47	Other regulatory adjustments to CET1 capital	-85	Reference EU CC1, line 27a
48	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-525**	Reference EU CC1, line 28
49	**Common Equity Tier 1 (CET1) capital**	**2,565**	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	of which: classified as equity under applicable accounting standards	298	Reference EU CC1, line 31
52	of which: 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)**	**2,863**	Reference EU CC1, line 45
	Tier 2 (T2) capital: Instruments and reserves		
58	Capital instruments and the related share premium accounts	389	Reference EU CC1, line 46
59	Credit risk adjustments	-	Reference EU CC1, line 50
60	**Tier 2 (T2) capital before regulatory adjustments**	**389**	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**	**389**	Reference EU CC1, line 58
64	**Total capital (TC = T1 + T2)**	**3,252**	Reference EU CC1, line 59

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

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

Own funds and eligible liabilities (MREL)

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

Disclosure in accordance with Articles 437a and 447(h) of the CRR (Total Loss Absorbing Capacity, TLAC) is not relevant to the pbb Group, as these requirements apply exclusively to 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 of the CRR. Notwithstanding this, the TLAC standard and MREL pursue the same objective, namely to ensure sufficient loss-absorbing and recapitalisation capacity for institutions established in the EU.

Minimum Requirements for Own Funds and Eligible Liabilities (MREL)

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

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

Regulatory MREL key parameters

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

For the pbb Group, there are no differences between the resolution group and the regulatory group of institutions as at the disclosure date. Similarly, there are no discrepancies between the regulatory scope of consolidation and the accounting scope of consolidation for the pbb consolidated financial statements (IFRS). The own funds reported in Table EU KM2 correspond in this respect to the regulatory own funds of the institutional group. With regard to the differences between the disclosed regulatory own funds and the own funds amounts calculated in full in accordance with IFRS 9 at the resolution group level, please refer to the chapter "Own Funds", section "Reconciliation of Regulatory Own Funds and Accounting Equity", Table EU CC2.

As at the disclosure date of 31 December 2025, the pbb Group had exceeded the MREL requirement by more than €2.2 billion, including buffer requirements (30 June 2025: €1.3 billion). The minimum requirements to be maintained by pbb in accordance with the current MREL decision of the SRB amount to 21.69% in relation to the TREA (30 June 2025: 21.69%) and 8.06% in relation to the TEM (30 June 2025: 8.06%). The pbb Group's MREL ratios as at the reporting date amount to 43.30% in respect of TREA (30 June 2025: 41.81%) and 20.38% in respect of TEM (30 June 2025: 18.03%). The pbb Group thus significantly exceeds the minimum MREL requirements for TREA and TEM as set out in the SRB decision.

EU KM2: Key parameters – MREL and, where applicable, G-SRI requirements 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		31 December 2025	31 December 2025	30 September 2025	30 June 2025	31 March 2025	31 December 2024
Own funds and eligible liabilities, ratios and components							
1	Own funds and eligible liabilities	7,576	-	-	-	-	-
EU-1a	of which own funds and subordinated liabilities	5,170					
2	Total risk exposure amount of the resolution group (TREA)	17,495	-	-	-	-	-
3	Own funds and eligible liabilities as a percentage of the TREA (in %)	43.30	-	-	-	-	-
EU-3a	of which own funds and subordinated liabilities (in %)	29.55					
4	Total exposure measure (TEM) of the resolution group	37,173	-	-	-	-	-
5	Own funds and eligible liabilities as a percentage of the TEM (in %)	20.38	-	-	-	-	-
EU-5a	of which own funds or subordinated liabilities (in %)	13.91					
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 were applied (in %)		-	-	-	-	-
Minimum requirement for own funds and eligible liabilities (MREL)							
EU-7	MREL expressed as a percentage of the TREA (in %)	21.69					
EU-8	of which to be met with own funds or subordinated liabilities (in %)	13.75					
EU-9	MREL expressed as a percentage of the TEM (in %)	8.06					
EU-10	of which to be met with own funds or subordinated liabilities (in %)	8.06					

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

Composition of own funds and eligible liabilities

The EU TLAC1 table shows information on the composition of Own funds and eligible liabilities.

EU TLAC1: Composition – MREL and, where applicable, G-SRI requirements for Own funds and eligible liabilities

		a	b	c
All figures in € million, unless otherwise stated		**Minimum requirement for own funds and eligible liabilities (MREL)**	**G-SII requirement for own funds and eligible liabilities (TLAC) [1)]**	**Memo item: Amounts eligible for the purposes of MREL, but not of TLAC [1)]**
Own funds and eligible liabilities and adjustments				
1	Common Equity Tier 1 capital (CET1)	2,565	-	-
2	Additional Tier 1 capital (AT1)	298	-	-
6	Tier 2 capital (T2)	389	-	-
11	Own funds for the purposes of Article 92a of Regulation (EU) No 575/2013 and Article 45 of Directive 2014/59/EU	3,252	-	-
Own funds and eligible liabilities: Non-regulatory capital elements				
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	440	-	-
EU-12a	Eligible liability instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	-	-	-
EU-12b	Eligible liability instruments that are subordinated to excluded liabilities issued prior to 27 June 2019 (subordinated grandfathered)	1,331	-	-
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	193	-	-
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre-cap)	1,917	-	-
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	534	-	-
14	Amount of non-subordinated eligible liabilities instruments, where applicable after application of Article 72b(3) CRR	2,451	-	-
17	Eligible liabilities items before adjustments	4,414	-	-
EU-17a	of which subordinated liabilities	1,964	-	-
Own funds and eligible liabilities: Adjustments to non-regulatory capital elements				
18	Own funds and eligible liabilities items before adjustments	7,666	-	-
19	(Deduction of exposures between multiple point of entry (MPE) resolution groups)	—	-	—
20	(Deduction of investments in other eligible liabilities instruments)	90	-	—
22	Own funds and eligible liabilities after adjustments	7,576	-	-
EU-22a	of which own funds and subordinated liabilities	5,170	—	—
Risk-weighted exposure amount and leverage exposure measure of the resolution group				
23	Total risk exposure amount (TREA)	17,495	-	-
24	Total exposure measure (TEM)	37,173	-	-

All figures in € million, unless otherwise stated		a Minimum requirement for own funds and eligible liabilities (MREL)	b G-SII requirement for own funds and eligible liabilities (TLAC)	c Memo item: Amounts eligible for the purposes of MREL, but not of TLAC
Ratio of own funds and eligible liabilities				
25	Own funds and eligible liabilities as a percentage of TREA (in %)	43.30	-	-
EU-25a	of which own funds and subordinated liabilities (in %)	29.55	———	———
26	Own funds and eligible liabilities as a percentage of TEM (in %)	20.38	-	-
EU-26a	of which own funds and subordinated liabilities (in %)	13.91	———	———
27	CET1 available after meeting the resolution group's requirements (in %)	7.34	-	———
28	Institution-specific combined buffer requirement (in %)	———	-	———
29	of which capital conservation buffer requirement (in %)	———	-	———
30	of which countercyclical buffer requirement (in %)	———	-	———
31	of which systemic risk buffer requirement (in %)	———	-	———
EU-31a	of which Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer (in %)	———	-	———
Memorandum items				
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013	———	-	———

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

Order of priority of creditors and maturities

Table EU TLAC3b provides an overview of the ranking of Own funds and eligible liabilities in the creditor hierarchy under German insolvency law, as well as their maturities. Liabilities are listed in ascending order of seniority.

pbb's own funds and eligible liabilities relevant for MREL are assigned to insolvency ranks 1, 2, 3, 11 and 12. Eligible subordinated liabilities that meet the requirements of Article 72b(2) CRR or fall under the grandfathering provision of Article 494b(3) CRR are shown in the table under rank 11. By contrast, non-subordinated liabilities that meet the conditions of Article 72b(2) CRR, with the exception of point (d), are assigned to rank 12.

The following figure provides a general and simplified overview of the order of priority of liabilities under German insolvency law – for information purposes only. The order of priority begins with the lowest-ranking instruments and items.

Insolvency ranking of liabilities under German law

Rank	Description of claims	Legal basis
1	Common Equity Tier 1 instruments (CET1)	Section 199 of the Insolvency Code (InsO), Section 46f(7a), fifth sentence, no. 3 of the German Banking Act (KWG)
2	Additional Tier 1 instruments (AT1)	Section 46f(7a), sentence 5, no. 2 of the German Banking Act (KWG)
3	Tier 2 instruments	Section 46f(7a), fifth sentence, point 1 of the German Banking Act (KWG)
4	Claims that are subordinated by virtue of a contractual subordination clause without specifying the relevant rank (excluding AT1 or Tier 2 instruments)	Section 39(2) InsO
5	Claims for repayment of a shareholder loan	Section 39(1)(5) and (3) InsO
6	claims for a free service	Section 39(1)(4) InsO
7	Liabilities for monetary payments in connection with criminal or administrative offences	Section 39(1)(3) InsO
8	Costs incurred by the insolvency creditors as a result of their participation in the insolvency proceedings	Section 39(1)(2) InsO
9	Interest accrued and late payment penalties since the commencement of the insolvency proceedings	Section 39(1)(1) InsO
10	Claims that are subordinated due to a contractual subordination clause, with an indication of the corresponding ranking	Section 39(2) InsO
11	Unsecured non-preferred claims arising from unsubordinated, unsecured, non-structured debt instruments that (i) issued before 21 July 2018, other than deposits within the meaning of ranks 13 and 14 and other than money market instruments, (ii) issued on or after 21 July 2018, have a contractual maturity of at least one year, do not constitute deposits within the meaning of ranks 13 and 14 and explicitly refer to the lower rank in their contractual terms and, where a prospectus is required, in the prospectus.	Section 38 InsO in conjunction with section 46f (5) and (6) of the German Banking Act (KWG) and the transitional provision in section 46f (9) of the German Banking Act (KWG)
12	Other claims of the insolvency creditors	Section 38 InsO in conjunction with section 46f (5), (6) sentence 3 and section 46f (7) of the German Banking Act (KWG)
13	Unsecured but preferential deposits	Section 46f(4)(2) of the German Banking Act (KWG)
14	Secured and preferential deposits.	Section 46f(4)(1) of the German Banking Act (KWG)
15	Costs of the proceedings and debts of the insolvency estate	Sections 53–55 InsO
16	Claims entitled to separate satisfaction in insolvency proceedings	Sections 49–51 InsO
17	Rights of separation (are to be asserted outside the insolvency proceedings)	Sections 47–48 InsO

Source: BaFin, National Resolution Authority (NAB) in Germany, Standardised presentation of priority in insolvency pursuant to Article 8 in conjunction with Annex IV of Regulation (EU) 2021/763, available at:
https://www.bafin.de/SharedDocs/Downloads/DE/MVP/dl_Anhang_1_2025_Meldebogen_Liability_Data_Report_LDR_Insolvenzrangfolge.html.

EU TLAC3b: Order of priority of creditors – Resolution group

		a	b	c	d	e	f
		Insolvency ranking					**Sum of 1 to 5**
		1 (most junior)	**2**	**3**	**4**	**5 (most senior)**	
All figures in € million, unless otherwise stated							
1	Description of insolvency rank (free text)	Rank 1	Rank 2	Rank 3	Rank 11	Rank 12	
5	Own funds and liabilities potentially eligible for meeting MREL	2,565	300	580	1,771	2,451	7,666
6	of which remaining maturity ≥ 1 year < 2 years	-	-	267	162	593	1,022
7	of which residual maturity ≥ 2 years < 5 years	-	-	-	206	1,551	1,757
8	of which residual maturity ≥ 5 years < 10 years	-	-	313	585	129	1,027
9	of which residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	818	177	995
10	of which perpetual securities	2,565	300	-	-	-	2,865

Countercyclical capital buffer

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

Countercyclical capital buffer

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

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

Domestic countercyclical capital buffer

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

As at the disclosure date of 31 December 2025, the figure 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 proactively strengthening the resilience of the German banking system.

Institution-specific countercyclical capital buffer

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

Capital buffers 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 have been required to maintain this reduced systemic risk buffer since 1 May 2025. This systemic risk buffer applies to credit risk positions secured by residential property in Germany and is intended to further counteract the specific risks in the residential property market that cannot be fully covered by the aforementioned domestic countercyclical capital buffer.

The risk-weighted exposure amounts (RWA) for these loans secured by domestic residential property amount to €1,247 million (30 June 2025: €1,280 million), resulting in own funds requirements of €12 million (i.e. 0.07% of total RWA, see EU KM1, line EU 9a). The own funds requirements 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) of the CRR, show the amount of the individual institution-specific countercyclical capital buffer (EU CCyB2) for the pbb Group, as well as the geographical distribution of the risk positions relevant for the calculation of the institution-specific countercyclical capital buffer (EU CCyB1).

The institution-specific countercyclical capital buffer (ISCCB) for the pbb Group stood at 0.96% as at the disclosure date (30 June 2025: 0.81%) and is thus well below the applicable maximum ratio of 2.5%.

One reason for the slight increase in the IAKP is, among other things, changes to countercyclical capital buffers in countries where the pbb Group holds significant credit risk exposures (to the private sector). In the second half of 2025, the relevant supervisory authorities increased the country-specific countercyclical capital buffers for Spain (0.50%, +0.50 percentage points compared with 30 June 2025), Hungary (1.00%, +0.50 percentage points compared with 30 June 2025) and Poland (1.00%, +1.00 percentage points compared with 30 June 2025). Significant credit risk exposures in Denmark were added, with a countercyclical capital buffer of 2.50%. Among the countries relevant to pbb, Spain has announced an increase from 0.50% to 1.00% for October 2026.

The own funds requirements of €168 million (0.96% of total risk-weighted exposure amounts) must be held in Common Equity Tier 1 (CET1) capital in accordance with Section 10d(1) of the German Banking Act (KWG). The pbb Group has €1,778 million in Common Equity Tier 1 capital available for this purpose – as well as for the own funds requirements of the sectoral systemic risk buffer (SRP) and the capital conservation buffer (KEP) – following compliance with the Common Equity Tier 1 Ratio of 4.5% of the total risk exposure amount.

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

All figures in € million, unless otherwise stated		a
1	Total risk exposure amount [1)]	17,495
2	Institution-specific countercyclical capital buffer rate (%)	0.96
3	Institution-specific countercyclical capital buffer requirement [2]	168

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

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

			a	b	c	d	e	f	g	h	i	j	k	l	m
			General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures	Total exposure value 1)	Own funds requirements				Risk-weighted exposure amounts 2)	Own funds requirements weights 3) (%)	Countercyclical buffer rate 4) (%)
All figures in € million, unless otherwise stated			Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions 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	238	311	-	-	-	550	25	-	-	25	314	2.00	0.00
2	(BD)	Bangladesh	13	-	-	-	-	13	-	-	-	-	1	0.00	-
3	(BE)	Belgium	94	142	-	-	-	236	12	-	-	12	148	0.95	1.00
4	(BM)	Bermuda	-	2				2	-			-	3	0.02	-
5	(CH)	Switzerland	-	28	-	-	-	28	1	-	-	1	14	0.09	0.00
6	(CZ)	Czech Republic		322	-	-	-	322	12	-	-	12	152	0.97	1.25
7	(DE)	Germany	4,921	7,790	-	-	-	12,711	540	-	-	540	6,755	43.15	0.75
8	(DK)	Denmark	-	24				24	1			1	16	0.10	2.50
9	(ES)	Spain	432	645	-	-	-	1,077	30	-	-	30	372	2.38	0.50
10	(FI)	Finland	-	644	-	-	-	644	47	-	-	47	587	3.75	0.00
11	(FR)	France	654	2,816	-	-	-	3,470	130	-	-	130	1,625	10.38	1.00
12	(GB)	United Kingdom	41	1,389	-	-	-	1,430	115	-	-	115	1,440	9.20	2.00
13	(GG)	Guernsey	2	-	-	-	-	2	-	-	-	-	2	0.01	-
14	(GH)	Ghana	16	-	-	-	-	16	-	-	-	-	2	0.01	-
15	(HU)	Hungary	-	147	-	-	-	147	10	-	-	10	126	0.81	1.00
16	(IE)	Ireland	35	-	-	-	-	35	-	-	-	-	-	0.00	1.50
17	(IT)	Italy	-	113	-	-	-	113	9	-	-	9	108	0.69	0.00
18	(JE)	Jersey	28	6	-	-	-	34	1	-	-	1	7	0.05	-
19	(KY)	Cayman Islands	2	-	-	-	-	2	-	-	-	-	-	0.00	-
20	(LI)	Liechtenstein	4	-	-	-	-	4	-	-	-	-	2	0.01	0.00
21	(LU)	Luxembourg	245	46	-	-	-	291	17	-	-	17	215	1.37	0.50
22	(NL)	Liechtenstein	29	1.184	-	-	-	1,213	50	-	-	50	619	3.96	2.00

All figures in € million, unless otherwise stated			a	b	c	d	e	f	g	h	i	j	k	l	m
			General credit exposures		**Relevant credit exposures – Market risk**		**Securitisation exposures**	**Total exposure value [1]**	**Own funds requirements**				**Risk-weighted exposure amounts [2]**	**Own funds requirements weights [3] (%)**	**Countercyclical buffer rate [4] (%)**
			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]**														
23	(OM)	Oman	18	-	-	-	-	18	-	-	-	-	-	0.00	-
24	(PL)	Poland	98	1,881	-	-	-	1,979	151	-	-	151	1,884	12 March	1.00
25	(RO)	Romania	-	35	-	-	-	35	2	-	-	2	27	0.17	1.00
26	(SE)	Sweden	-	1,144	-	-	-	1,144	59	-	-	59	736	4.70	2.00
27	(SK)	Slovakia	-	88	-	-	-	88	4	-	-	4	48	0.30	1.50
28	(US)	United States of America	22	1,368	-	-	-	1,390	36	-	-	36	454	2.90	0.00
20	**Total**		**6,893**	**20,126**	**0**	**0**	**0**	**27,019**	**1,252**	**0**	**0**	**1,252**	**15,655**	**100.00**	—

[1] Exposure at Default (EAD), calculated as the sum of the EAD amounts in columns a to e.
[2] Risk-weighted assets (RWA).
[3] The weighting applied to the countercyclical capital buffer 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 as defined by the European Systemic Risk Board (ESRB) or the Bank for International Settlements (BIS).
[5] Country: Location of the debtor, i.e. the debtor’s habitual residence or the location of the assets (property) in the case of special financing.

Own funds requirements and RWA

This chapter provides information on the own funds requirements and risk-weighted assets (RWA) for the pbb Group in accordance with Article 438 of the CRR. As the parent undertaking of the group of institutions within the meaning of Section 10a of the German Banking Act (KWG) in conjunction with Article 11 et seq. CRR for compliance with own funds requirements on a consolidated basis (regulatory consolidation scope). Information on the assessment of the adequacy of internal capital in accordance with Article 438(a) to (c) CRR is described in the chapter “Economic Capital and Risk-Bearing Capacity (ICAAP)”.

Capital Adequacy Procedures

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

Credit risk (excluding Counterparty credit risk)

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

Counterparty credit risk

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

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

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

CVA risk

To calculate the additional own funds requirements for OTC derivatives 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 of the CRR.

Settlement risk

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

Securitisations

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

Market risk

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

Operational risk

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

Quantitative information on own funds requirements and RWA

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

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

EU OV1: Overview of total risk amounts

		a	b	c
		Total risk exposure amount (TREA) [1]	**Total risk exposure amount (TREA)** [1]	**Total own funds requirement**
All figures in € million		**31 December 2025**	**30 September 2025**	**31 December 2025**
1	**Credit risk (excluding counterparty credit risk)**	**15,995**	**16,166**	**1,280**
2	of which: the standardised approach	3,756	3,908	301
3	of which: the Foundation IRB Approach (F-IRBA)	12,239	12,258	979
4	of which: slotting approach	-	-	-
EU 4a	of which: equities under the simple risk-weighted approach	-	-	-
5	of which: the advanced IRB approach (A-IRBA)	-	-	-
6	**Counterparty credit risk**	**120**	**136**	**10**
7	of which: the standardised approach (SA-CCR) [2]	115	119	9
8	of which: internal model method (IMM)	-	-	-
EU 8a	of which: exposures to a CCP [3]	5	6	0.4
9	of which: other CCR [4]	-	11	-
10	**Credit valuation adjustment risk (CVA risk)**	**124**	**141**	**10**
EU 10a	of which: standardised approach (SA)	-	-	-
EU 10b	of which: basic approach (F-BA and R-BA)	124	141	10
EU 10c	of which: simplified approach	-	-	-
15	**Settlement risk**	**0**	**0**	**0**
16	**Securitisation exposures in the non-trading book (after the cap)**	**209**	**0**	**17**
17	of which: SEC-IRBA approach	209	-	17
18	of which: 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)**	**224**	**199**	**18**
21	of which: alternative standardised approach (A-SA)	-	-	-
EU 21a	of which: simplified standardised approach (S-SA)	224	199	18
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**	**824**	**886**	**66**
EU 24a	**Exposures to crypto-assets**	**0**	**0**	**0**
25	Amounts below the thresholds for deduction (subject to a 250% risk weight) – for information [6]	213	288	17
26	Output floor applied (%)	50	50	-
27	Floor adjustment (before application of transitional cap)	-	-	-
28	Floor adjustment (after application of transitional cap)	-	-	-
29	**Total**	**17,495**	**17,528**	**1,400**

[1] Risk-weighted exposure amounts (RWA or Total Risk Exposure Amounts – TREA).
[2] Risk exposures calculated in accordance with Part 3, Title II, Chapter 6 of the CRR (derivative transactions, excluding risk exposures to a central counterparty (CCP)).
[3] Exposures to a central counterparty (CCP) and contributions to the CCP's default fund.
[4] Risk exposures for securities financing transactions (securities repurchase agreements/securities lending transactions, excluding risk exposures to a CCP).
[5] The pbb Group does not maintain a trading book for securities and derivatives portfolios held with the intention of realising short-term profits.
[6] Deferred tax assets arising from or not arising from temporary differences, which are essentially dependent on future profitability.
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: standardised approach).

EU CR10.5: Equity investments

	a	b	c	d	e	f
	Equity exposures under Articles 133(3) to (6) and 495a(3) of the CRR					
Equity investments in accordance with the standard approach [1] All figures in € million, unless otherwise stated	On-balance sheet exposure [2]	Off-balance sheet exposure [2]	Risk weight [3]	Exposure value [4]	Risk-weighted exposure amount [5]	Expected loss amount [6]
Risk weight 0%	-	-	0%	-	-	-
Risk weight 100%	-	-	100%	-	-	-
Risk weight 250%	5	4	250%	7	17	-
Risk weight 400%	-	-	400%	-	-	-
Total	**5**	**4**		**7**	**17**	**0**

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

Risk-weighted assets (RWA)

The pbb Group's risk-weighted assets across all risk categories amounted to €17,495 million as at the reporting date (30 September 2025: €17,528 million), representing a slight decrease of €33 million in total during the fourth quarter of 2025.

In the case of credit risk (€38 million higher than at 30 September 2025, IRB approach and standardised approach including securitisation positions), RWA increased due to new business in commercial property financing conducted in the fourth quarter of 2025, which exceeded repayments during this period. Furthermore, changes in valuations in the so-called "hard test" were the main factor leading to an increase in RWA. A key driver of the RWA and capital burden resulted from the requirements applicable in both the F-IRBA and the Standardised Approach for determining the RWA of loans secured by property. Under certain conditions, these allow for a favourable risk weighting for such risk-weighted assets. Such a favourable treatment is possible, among other things, if the total loss rates most recently published by the relevant supervisory authorities in the respective commercial property market are below certain thresholds (the so-called "hard test").

In the following countries, the most recently published overall loss rates in the respective commercial property market were above the regulatory threshold of 0.5% (with the respective impact on RWA and CET1 ratio as at 31 December 2025): Poland 0.501% (RWA +€833 million; CET1 ratio -0.87%), Finland 0.501% (RWA +€171 million; CET1 ratio -0.17%), Austria 0.63% (RWA +€156 million; CET1 ratio -0.15%), Hungary 0.69% (RWA +€61 million; CET1 ratio -0.06%), Italy 0.63% (RWA +€54 million; CET1 ratio -0.05%), Belgium 0.85% (RWA +€29 million; CET1 ratio -0.03%), Romania 1.11% (RWA +€13 million; CET1 ratio -0.01%). No preferential risk weighting could be applied for Switzerland, as the Swiss regulator has not published any loss data that could have been used for the aforementioned purpose (RWA +€7 million; CET1 ratio -0.01%). In the case of the United Kingdom, no favourable risk weighting could be applied as the supervisory regime there has not yet been classified by the European Commission as equivalent to the EU supervisory regime (RWA +€671 million; CET1 ratio -0.69%).

With regard to the commercial property market in the US, the EBA, at the request of the ECB on 27 February 2026, took the view that the data published by the US Federal Reserve should be regarded as "non-equivalent" for the purposes of the so-called hard test (EBA Q&A 2026_7688). Consequently, the preferential treatment of US real estate previously applied by pbb in the calculation of RWA would no longer apply on this basis (loss of the LGD collateralisation privilege). As at 31 December 2025, pbb did not concur with this assessment, but continued to assume that the hard test for the US had been met. Assuming that the Hard Test is not met as at 31 December 2025, this would have resulted in additional RWA of approximately €812 million and a reduction in the CET1 ratio of approximately 1.37 percentage points (; indicative figure based on the portfolio as at 31 December 2025). In the meantime, pbb has decided to follow the assessment expressed by the EBA from the reference date of 31 March 2026 and will therefore assume from that date that the conditions for a favourable risk weighting of US-based real estate are no longer met.

The synthetic originator securitisation (Significant Risk Transfer, SRT) agreed in December 2025 as part of the withdrawal from the US business had a particularly adverse effect on RWA. The non-performing US portfolio underlying the risk transfer comprises mainly loans for office buildings. Further details on the originator securitisation are provided in the 'Securitisations' section.

The decrease in counterparty default risk (€-16 million compared with 30 September 2025) is mainly due to the reduction in the volume of securities financing transactions (€-12 million compared with 30 September 2025), whilst the volume of derivatives decreased slightly (€-4 million compared with 30 September 2025). The risk exposures to the central counterparty Eurex Clearing remain at the level recorded at the end of the third quarter of 2025 (€-1 million compared with 30 September 2025).

With regard to CVA risk for OTC derivatives, the calculation of which under the reduced basis approach (R-BA) based on a combination of the counterparty's sector and associated credit rating, changes in EAD (Exposure at Default) and the maturity of derivative transactions led to a decline in RWA (€-17 million compared with 30 September 2025).

The increase in market risk (€25 million compared with 30 September 2025) results primarily from changes in credit spreads on the US dollar (USD), mainly in connection with real estate financing in the USA.

Operational risk, for which the regulatory Own funds requirements are calculated annually at the end of the year, decreased to €824 million at the end of 2025 (a decrease of €62 million compared with 31 December 2024). Since March 2025, the own funds requirements have been determined using the new standardised approach in accordance with Article 312 et seq. of the CRR, taking into account the amended CRR III.

Own funds requirements

The minimum own funds requirement for the aforementioned risk categories remained unchanged at 8.0% of RWA as at 31 December 2025. As at the reporting date, it totalled €1,400 million (30 September 2025: €1,402 million). In line with the pbb Group's business model, with commercial property financing as its core business, 94% of the own funds requirements relate to Credit risk (Counterparty credit risk, CVA risk, securitisation positions), 1% to Market risk and around 5% to Operational risk.

The total capital requirement – including the capital conservation buffer (CCB) of 2.5%, the institution-specific countercyclical capital buffer (ISCB) of 0.96%, the sectoral systemic risk buffer (SRP) of 0.07% and the Pillar 2 capital requirement (P2R) of 3.25% – amounts to 14.78% (EU KM1, line EU 11a). As at the disclosure date, it amounts to €2,586 million (30 September 2025: €2,575 million).

Excess own funds

The own funds surplus (available own funds less the minimum own funds requirement in accordance with EU OV1) amounts to €1,852 million as at the disclosure date (30 September 2025: €2,044 million).

Total risk exposure amount taking into account the 'output floor'

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

Accordingly, the application of the own funds floor ("Output Floor", 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 transitional relief provisions under Article 465 CRR "Transitional provisions for the output floor" for the calculation of output floor exposure amounts.

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

		a	b	c	d	EU d
		Risk-weighted exposure amounts (RWA)				
	All figures in € million	**RWA for modelled approaches 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 the full standardised approach** [4]	**RWA forming the basis of the output floor** [5]
1	Credit risk (excluding counterparty credit risk)	12,239	3,756	15,995	16,199	16,199
2	Counterparty credit risk	63	57	120	109	109
3	Credit valuation adjustment	———	124	124	124	124
4	Securitisation exposures in the banking book	209	-	209	209	209
5	Market risk	-	224	224	224	224
6	Operational risk	———	824	824	824	824
7	Other risk-weighted exposure amounts	———	-	-	-	-
8	**Total**	**12,511**	**4,984**	**17,495**	**17,688**	**17,688**

[1] Risk-weighted assets (RWA) calculated using internal models approved by the competent authority.
[2] Risk-weighted assets (RWA) calculated using standardised approaches.
[3] Sum of columns a and b; the RWA in row 8, column c 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 reported in row 8, column EU d forms the basis for calculating the output floor as at the disclosure date.

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

		a	b	c	d	EU d
		Risk-weighted exposure amounts (RWA)				
All figures in € million		RWA for modelled approaches that institutions have supervisory approval to use [1]	RWA for column (a) if recalculated using the standardised approach [2]	Total actual RWA [3]	RWA calculated using the full standardised approach [4]	RWA forming the basis of the output floor [5]
1	Central governments and central banks	-	-	21	21	21
EU 1a	Regional governments or local authorities	-	-	76	76	76
EU 1b	Public sector entities	-	-	78	78	78
EU 1c	Categorised as Multilateral Development Banks in SA	-	-	-	-	-
EU 1d	Categorised as International organisations in SA	-	-	-	-	-
2	Institutional	-	-	21	21	21
3	Equity	-	-	17	17	17
5	Corporates	271	1	360	90	90
5.1	of which: F-IRB is applied [6]	12,239	12,443	12,239	12,443	12,443
5.2	of which: A-IRB is applied	-	-	-	-	-
EU 5a	of which: Corporates - General [6]	271	1	360	90	90
EU 5b	of which: Corporates – Specialised lending [6]	-	-	-	-	-
EU 5c	of which: Corporates – Purchased receivables	-	-	-	-	-
6	Retail	-	-	-	-	-
6.1	of which: Retail – Qualifying revolving	-	-	-	-	-
EU 6.1a	of which: Retail – Purchased receivables	-	-	-	-	-
EU 6.1b	of which: Retail - Other	-	-	-	-	-
6.2	of which: Retail – Secured by residential property	-	-	-	-	-
EU 7a	Categorised as secured by immovable property and ADC exposures in South Africa	11,969	10,758	14,621	13,410	13,410
EU 7b	Collective investment undertakings (CIU)	-	-	7	7	7
EU 7c	Categorised as exposures in default in SA	-	1,684	439	2,123	2,123
EU 7d	Classified as subordinated debt exposures in SA	-	-	-	-	-
EU 7e	Classified as covered bonds in SA	-	-	32	32	32
EU 7f	Classified as claims on institutions and corporates with a short-term credit rating in South Africa	-	-	-	-	-
8	Other non-credit obligation assets	-	-	324	324	324
9	**Total**	**12,239**	**12,443**	**15,995**	**16,199**	**16,199**

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

Capital ratios

The information in this chapter on regulatory minimum capital ratios and supervisory SREP requirements for minimum capital adequacy supplements the information in the chapters “Own funds” (Article 437 CRR) and “Economic Capital and Risk-bearing Capacity (ICAAP)” (Article 438 CRR).

Regulatory minimum capital ratios

The CRR/CRD form the basis for determining regulatory capital adequacy and minimum capital ratios. According to these regulations, the Common Equity Tier 1 Ratio (Common Equity Tier 1 divided by RWA) must not fall below 4.5%, the Tier 1 Ratio (Tier 1 divided by RWA) must not fall below 6.0%, and the Own Funds Ratio (own funds divided by RWA) must not fall below 8.0%. As the parent 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 these capital ratios on a consolidated basis.

The pbb Group met these requirements at all times during the second half of 2025 and throughout the 2025 financial year. At the end of 2025, the capital ratios (see EU CC1, lines 61 to 63) were as follows:

> Common Equity Tier 1 Ratio (CET1): 14.7% (30 June 2025: 15.3%)
> Tier 1 Ratio: 16.4% (30 June 2025: 17.0%)
> Own Funds Ratio: 18.6%. (30 June 2025: 18.0%).

The decline in Tier 1 ratios compared with the end of the first half of 2025 results from the decrease in risk-weighted asset amounts (RWA: €-173 million compared with 30 June 2025) and the simultaneous reduction in Common Equity Tier 1 capital during this period (€-136 million compared with 30 June 2025).

A key driver of the RWA and capital burden, resulting from the requirements applicable in both the F-IRBA and the Standardised Approach for calculating RWA for loans secured by real estate (the so-called ‘hard test’), is described in detail in the preceding chapter ‘Own funds requirements and RWA’. It is stated there, among other things, that for the commercial property market in the USA, the EBA, at the request of the ECB on 27 February 2026, took the view that the data published by the US Federal Reserve should be regarded as “not equivalent” for the purposes of the so-called hard test (EBA Q&A 2026_7688). Consequently, the preferential treatment of US real estate previously applied by pbb in the calculation of RWA would no longer apply on this basis (loss of the LGD collateralisation privilege). As at the reporting date of 31 December 2025, pbb did not concur with this assessment, but continued to assume that the Hard Test for the US is met. Assuming that the Hard Test is not met as at 31 December 2025, this would have resulted in additional RWA of approximately €812 million and a reduction of approximately 1.37 percentage points in the CET1 ratio (indicative figure based on the portfolio as at 31 December 2025). In the meantime, pbb has decided to follow the assessment expressed by the EBA from the reference date of 31 March 2026 and will therefore assume from that date that the conditions for a favourable risk weighting of properties located in the US are no longer met.

Disclosure under Article 437(f) of the CRR is not relevant to the pbb Group, as pbb applies the provisions of the CRR.

SREP

The pbb Group complied at all times in the 2025 financial year with the requirements for minimum capital adequacy under the ECB’s Supervisory Review and Evaluation Process (SREP), which go beyond the existing regulatory requirements.

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

CET1 minimum ratio

The Pillar 2 capital requirement (P2R) applicable to pbb in 2025 is 3.25%. Consequently, pbb was required to maintain a CET1 minimum ratio of 8.8% (excluding the Countercyclical capital buffer, which varies by country and therefore by portfolio, and excluding the sectoral systemic risk buffer). This requirement comprises, in addition to the Pillar 2 capital requirement (3.25%), the Pillar 1 minimum capital requirement (4.5%) and the capital conservation buffer (2.5%), with the Pillar 2 capital requirement accounting for around 1.8% (56.25% of P2R) must be held in Common Equity Tier 1 (CET1) capital and around 2.4% (75.00% of P2R) in Tier 1 Capital.

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

Total capital requirement

In addition to the minimum CET1 ratio, pbb had to meet a total capital requirement of 13.75% in 2025 (excluding the Countercyclical capital buffer, which varies by country and therefore by portfolio, and excluding the sectoral systemic risk buffer). This comprises the Pillar 1 minimum own funds requirement (8.0%), the capital conservation buffer (2.5%) and the Pillar 2 capital requirement (3.25%).

SREP requirement since 1 January 2026

The Pillar 2 capital requirement communicated to pbb in the ECB's SREP letter of 28 October 2025 and valid from 1 January 2026 remains unchanged at 3.25%. Consequently, from 1 January 2026, the above-mentioned requirements for the minimum CET1 ratio (excluding the Countercyclical capital buffer, which varies by country and thus by portfolio, and the sectoral systemic risk buffer) and for the total capital requirement (excluding the countercyclical capital buffer, which varies by country and is therefore portfolio-specific, and excluding the sectoral systemic risk buffer).

Leverage ratio

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

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

In accordance with Article 92(1) of the CRR, institutions must comply with a minimum leverage ratio of 3% at all times. The pbb Group met this requirement at all times in the second half of 2025 as well as throughout the full financial year 2025.

Total risk exposure measure

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

On-balance-sheet risk positions

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

Derivatives

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

Securities financing transactions

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

Off-balance sheet risk positions

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

Quantitative information on the leverage ratio

The following tables EU LR1-LRSum, EU LR2-LRCom and EU LR3-LRSpl in accordance with Article 451 of the CRR show a breakdown of the total risk exposure measure, a reconciliation of this 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 as at the reporting date is 7.7% (30 June 2025: 7.3%) and is thus well above the minimum requirement. The increase of 0.4 percentage points in the second half of 2025 results from the significant decline in the total risk exposure measure (€-3,798 million compared with 30 June 2025), primarily due to the reduction in on-balance-sheet risk exposures (excluding derivatives and securities financing transactions), and, to a lesser extent, the change in regulatory Tier 1 Capital during this period (€-135 million compared with 30 June 2025, T1).

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

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

All figures in € million		a Applicable amount
1	**Total assets as per published financial statements [1)]**	**39,881**
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 the 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 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)]	6
9	Adjustment for securities financing transactions (SFTs) [4)]	101.0
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet expo-sures) [5)]	642
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	-3,456
13	**Leverage ratio (total exposure measure)**	**37,173**

[1)] Line 1: Total assets (balance sheet total) of the pbb consolidated financial statements (IFRS).
[2)] Line 2: There are no discrepancies between the regulatory scope of consolidation and the accounting scope of consolidation for the pbb consolidated financial statements (IFRS)
there are no discrepancies as at the disclosure date.
[3)] Line 8: Difference between the accounting book value (IFRS) of the derivatives and the regulatory exposure value (EAD).
[4)] Line 9: Difference between the carrying amount (IFRS) of securities financing transactions (securities repurchase agreements/securities lending transactions) and the regulatory exposure value (EAD).
[5)] Row 10: Addition of off-balance-sheet exposures after taking into account the credit conversion factors (CCF) from the standardised approach to Credit risk.

EU LR2-LRCom: Uniform disclosure of the leverage ratio

All figures in € million, unless otherwise stated		a CRR leverage ratio exposures 31 December 2025	b CRR leverage ratio exposures 30 June 2025
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	37,031	40,934
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets in accordance with the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-651	-748
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)	-227	-139
7	**Total on-balance-sheet exposures (excluding derivatives and SFTs)**	**36,153**	**40,047**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivative transactions (i.e. net of eligible cash variation margin)	59	102
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	219	248
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under the original exposure method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**278**	**350**
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (without recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	100	-
16	Counterparty credit risk exposure for SFT assets	1	91
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**101**	**91**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	1,582	1,214
20	(Adjustments for conversion to credit equivalent amounts)	-939	-731
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet exposures**	**642**	**483**
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 portions of exposures arising from export credits)	-	-

All figures are in € million, unless otherwise stated		a CRR leverage ratio exposures 31 December 2025	b CRR leverage ratio exposures 30 June 2025
EU-22g	(Excluding excess collateral deposited with triparty agents)	-	-
EU-22h	(Excluded CSD-related services of CSDs/institutions in accordance with point (o) of Article 429a(1) of the CRR)	-	-
EU-22i	(Excluded CSD-related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Excluded exposures to shareholders in accordance with Article 429a(1)(da) of the CRR)	-	-
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	-	-
EU-22m	**(Total exempted exposures)**	**0**	**0**
Capital and total exposure measure			
23	**Tier 1 capital**	**2,863**	**2,998**
24	**Leverage ratio (total exposure measure)**	**37,173**	**40,971**
Leverage ratio			
25	**Leverage ratio**	**7.7**	**7.3**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.7	7.3
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.7	7.3
26	Regulatory minimum leverage ratio requirement (%)	3.0	3.0
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%) [1]	-	-
EU-26b	of which: to be comprised of CET1 capital	-	-
27	Leverage ratio buffer requirement (%)	-	-
EU-27a	Overall leverage ratio requirement (%) [2]	3.0	3.0
Choice of transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	fully implemented	fully implemented
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and net of associated cash payables and cash receivables 6)	100	8
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and net of associated cash payables and cash receivables 6)	100	-
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)	37,174	40,979
30a	Total exposures (excluding the impact of any applicable temporary exemption from central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and net of associated cash payables and cash receivables)	37,174	40,979
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) (%)	7.7	7.3
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables) (%)	7.7	7.3

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

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

All figures in € million		a CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:**	**36,379**
EU-2	Trading book exposures [1]	-
EU-3	Banking book exposures, of which:	36,379
EU-4	Covered bonds	319
EU-5	Exposures treated as sovereigns	5,991
EU-6	Exposures to regional governments, MDBs, international organisations and PSEs not treated as sovereigns	4,376
EU-7	Institutions	92
EU-8	Secured by mortgages on immovable property	16,969
EU-9	Retail exposures	-
EU-10	Corporate	5,409
EU-11	Exposures in default	1,602
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	1,621

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

Procedures for monitoring the risk of excessive indebtedness

In line with its business structure and business model, as well as its business and risk strategy, the pbb Group has implemented formal procedures and regulations to assess the risk of excessive indebtedness. In particular, as part of the restructuring plan (in accordance with the German 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 include measures of liquidity (which, among other things, encompass asset encumbrance and the net stable funding ratio (NSFR)), profitability and portfolio quality, as well as market-based and macroeconomic indicators.

The leverage ratio is calculated monthly and, like the other indicators, forms an integral part of the pbb Group's risk management system. Both the leverage ratio and the other indicators are assigned an early warning threshold and a recovery threshold to enable the timely identification of any instances where these thresholds are breached. 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 (Tier 1 Capital) and its denominator (the total risk exposure measure). The pbb Executive Board is informed of the Leverage ratio monthly as part of the Flash Report and quarterly as part of the Management Report and the Restructuring Plan Report. Furthermore, the Leverage ratio forms part of the pbb Group's capital and multi-year planning.

Impaired and unimpaired assets

This section presents the information required under Article 443 of the CRR regarding encumbered and unencumbered assets, as well as the main sources of encumbrance for the pbb Group. The amounts in Tables EU AE1 to EU AE3 are calculated as median values based on the quarterly data (end-of-quarter figures) for the 2025 financial year from the regulatory reporting on asset encumbrance.

Encumbrance of assets

An asset is considered encumbered if it has been pledged as collateral or if it is subject to any form of agreement regarding the provision of collateral, collateralisation or the granting of credit security for a transaction from which it cannot be readily withdrawn. Any encumbrance on an asset is caused by a collateral requirement, which usually originates from a transaction on the liabilities side of the balance sheet (refinancing side).

The pbb Group's balance sheet exposure stems primarily from its business model, in which the Pfandbrief serves as the main refinancing instrument. The pbb Group specialises in commercial property financing. The refinancing of loans granted is largely achieved through the issuance of Pfandbriefe. To refinance its real estate business eligible for the cover pool, pbb issues mortgage Pfandbriefe secured by mortgages. The outstanding volume of mortgage Pfandbriefe as at 31 December 2025 amounts to approximately €14.6 billion (nominal). With a total outstanding Pfandbrief volume of €20.0 billion (nominal), i.e. including public Pfandbriefe of €5.4 billion secured by claims on the public sector, pbb ranks among the largest issuers in terms of outstanding volume and is thus also a major issuer of Pfandbriefe in Europe.

The assets of the pbb Group amounted to €41.8 billion as at 31 December 2025 (based on median values) (31 December 2024: €45.5 billion), of which €25.8 billion or 61.8% (31 December 2024: €28.1 billion or 61.7%) is encumbered. Essentially, the pbb Group's asset encumbrance remains unchanged over the course of 2025 and is at the same level as at the end of 2024.

The other assets listed in Table EU AE1 comprise primarily loans and advances (around 98%) as well as derivatives (around 1%), the majority of which are encumbered. Furthermore, they include unencumbered assets such as tax claims and other tangible (property, plant and equipment such as operating and office equipment, as well as rights of use for leased buildings) and intangible (such as purchased and internally developed software) assets, the combined share of which is less than 1% and which are generally not available for encumbrance.

Structure of the encumbrance within the pbb Group

Within the pbb Group, this encumbrance relates exclusively to pbb, in which all strategic business activities of the pbb Group are concentrated.

Regulatory and accounting scope of consolidation

As at the disclosure date, there are no discrepancies between the pbb Group's regulatory scope of consolidation, which forms the basis for the disclosure of the asset impairment, and the accounting scope of consolidation for financial reporting purposes (IFRS).

Discrepancies regarding the accounting framework (IFRS)

There are no inconsistencies between assets pledged or transferred in accordance with the accounting framework applied by the pbb Group, namely the International Financial Reporting Standards (IFRS), on the one hand, and assets deemed encumbered for regulatory purposes on the other. The pledging or transfer of assets in accordance with IFRS simultaneously results in their encumbrance.

Significant foreign currency positions

As at the disclosure date, the pbb Group has no foreign currency or significant currency within the meaning of Article 415(2a) of the CRR for which aggregate liabilities amount to at least 5% of total liabilities.

Sources of encumbrance

The main source of encumbrance on the pbb Group's assets remains the Pfandbrief (accounting for around 94%). In particular, the issuance of mortgage Pfandbriefe to refinance the real estate business eligible for the cover pool results in the encumbrance of loans and securities in the mortgage cover pool. In addition to the issuance of Pfandbriefe, derivative financial instruments (around 4% share) and securities financing transactions (around 1% share) are further significant sources of encumbrance on assets.

Mortgage bonds

As a specialist bank for the financing of investments in commercial property, pbb issues mortgage Pfandbriefe secured by real estate liens. These Pfandbriefe are regularly issued on the international capital market in benchmark format or as private placements. In line with its lending business on the assets side, pbb offers investors Pfandbriefe with various maturities and in various currencies, with a focus on EUR, GBP, USD and SEK.

The issuance of mortgage bonds is subject to the provisions of the German Mortgage Bond Act (PfandBG) with its high standards of investor protection. Due to these high legal standards, mortgage bonds have proven to be exceptionally secure in the past. The safeguards of the Pfandbrief Act take effect, among other things, through the so-called priority in insolvency for Pfandbrief creditors. In the event of the insolvency of a Pfandbrief bank, the cover pools securing the Pfandbriefe are initially available solely to Pfandbrief creditors to satisfy their claims. Only once the Pfandbrief creditors have been fully satisfied is any remaining portion of the cover pools available to the insolvency creditors for satisfaction.

Pfandbrief banks are required to report quarterly on the composition and structure of their cover pools, known as the 'Deckungsstock'. The disclosures required under the Pfandbrief Act can be found on the pbb website under Investors / Mandatory Disclosures / Disclosures pursuant to Section 28 of the Pfandbrief Act. Further information on the mortgage and public Pfandbriefe issued by pbb, as well as the cover pools, can be found on the pbb website under Investors / Debt Investors / Pfandbriefe.

Overcollateralisation of Pfandbriefe

The Pfandbrief Act (PfandBG) stipulates that mortgage Pfandbriefe and public Pfandbriefe must each have overcollateralisation of 2.0% based on both nominal value and present value. This means that the nominal and present value of the respective cover pool must always be at least 2.0% higher than the nominal and present value of all Pfandbriefe issued on this cover pool, whereby the cover values for the nominal and present value overcollateralisation may not be used twice.

The rating agencies also require additional overcollateralisation, depending on the quality of the cover pool and the target Pfandbrief rating. pbb's mortgage Pfandbriefe and public Pfandbriefe were rated Aa1 by the rating agency Moody's as at 31 December 20 nd 2025. To maintain this rating, pbb must provide at least 12.0% (mortgage Pfandbriefe) or 10.0% (public Pfandbriefe) of present-value overcollateralisation.

In fact, the overcollateralisation of the mortgage covered bonds as at 31 December 2025 stood at 16.0% on a nominal basis and 17.1% on a present value basis. For public Pfandbriefe, pbb provided 16.1% nominal and 13.1% present value overcollateralisation. This meant that the overcollateralisation was well above the requirements of the rating agencies and the legislator.

pbb regularly publishes the current voluntary overcollateralisation and that required by Moody's on its website under Investors / Mandatory Disclosures / Publications pursuant to Section 28 of the Pfandbrief Act or Investors / Ratings / Moody's Reports.

In order to manage its liquidity position and optimise the quality and cash flows of the cover pools, pbb also maintains, where necessary, a higher level of overcollateralisation than that required by law or desired by the rating agencies.

Derivatives and securities financing transactions

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 the derivatives business are primarily OECD credit institutions or Eurex Clearing. In addition, the pbb Group provides derivatives to customers so that they, in turn, can specifically hedge the market risks of commercial property financing, for example.

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

Transactions involving both derivatives and securities repurchase and securities lending agreements are usually concluded by means of standardised bilateral netting agreements, which serve to minimise legal risk as well as economic and regulatory counterparty risk and enable the offsetting of mutual risks (netting). As part of the netting process, credit risk is reduced to a single net claim against the counterparty. In addition to the netting agreements, the pbb Group also enters into standard market collateral agreements with certain business partners to secure the net claim or liability resulting from netting. The collateral agreements limit Credit risk through the timely valuation and adjustment of customer exposure (limit relief), thereby creating scope for new business transactions within the granted counterparty lines. Detailed information on this can be found in the sections “Credit risk mitigation techniques” and “Counterparty credit risk”.

Quantitative information on the impairment of assets

The following tables EU AE1 to EU AE3 show, in accordance with Article 443 of the CRR, a breakdown of encumbered and unencumbered assets for the pbb Group, as well as the associated sources of encumbrance. The amounts are calculated as median values based on the quarterly data (end-of-quarter figures) for the 2025 financial year. The pbb Group has expanded both Table EU AE1 and Table EU AE3 to include additional items (such as loans and credits, derivatives and issued covered bonds) that are of material significance to the pbb Group’s business and funding model and thus to the impairment of its assets.

EU AE1: Encumbered and unencumbered assets

		010	030	040	050	060	080	090	100
		Carrying amount of encumbered assets		**Fair value of encumbered assets**		**Carrying amount of unencumbered assets**		**Fair value of unencumbered assets**	
All figures in € million			**of which notionally eligible EHQLA and HQLA[1)]**		**of which notionally eligible EHQLA and HQLA [1)]**		**of which EHQLA and HQLA [1)]**		**of which EHQLA and HQLA [1]**
010	**Assets of the disclosing institution**	**25,814**	**1,119**	———	———	**15,952**	**1,619**	———	———
030	Equity instruments	-	-	-	-	1	-	-	-
040	Debt securities	2,011	1,119	2,011	1,119	1,764	1,619	1,762	1,619
050	of which: covered bonds	197	-	197	-	124	-	124	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	1,544	869	1,544	869	882	909	882	909
080	of which: issued by financial corporations	509	250	509	250	734	562	731	562
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	23,803	-	———	———	14,187	-	———	———
130	of which: loans and advances	23,368	-	———	———	13,847	-	———	———
140	of which: derivatives	616	-	———	———	48	-	———	———

[1)] EHQLA: Extremely high quality liquid assets, "Tier 1 assets"
HQLA: Assets of high liquidity and credit quality, “Tier 2A/B assets” (High quality liquid assets)
[2)] Including loans repayable on demand (overnight), such as balances with central banks and sight deposits

EU AE2: Collateral received and own debt securities issued

All figures in € million		010	030	040	060
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA [1]		of which EHQLA and HQLA [1]
130	**Collateral received by the disclosing institution**	**0**	**0**	**0**	**0**
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than demand loans	-	-	-	-
230	Other collateral received	-	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	**0**	**0**	**0**	**0**
241	**Own covered bonds and securitisations issued and not yet pledged**	———	———	**0**	**0**
250	**Total collateral received and own debt securities issued**	**25,814**	**1,119**	———	———

[1] EHQLA: Extremely high quality liquid assets, "Tier 1 assets"
HQLA: Assets of high liquidity and credit quality, "Tier 2 A/B assets" (High quality liquid assets)

EU AE3: Sources of stress

All figures in € million		010 Matching liabilities, contingent liabilities or securities lent	030 Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
010	**Carrying amount of selected financial liabilities**	**22,238**	**25,814**
020	of which: derivatives [1]	944	616
030	of which: deposits [2]	302	285
040	of which: debt securities issued [3]	20,821	25,096
050	of which: other sources of encumbrance [4]	-	-

[1] Derivatives including financial collateral
[2] Repurchase[agreements]
[3] Issued covered bonds (mortgage bonds)
[4] For example, securities lending transactions

Risk management and risk-oriented group-wide management

Statements by the Management Board

In accordance with the requirements of Section 91(2) of the German Stock Corporation Act (AktG) and Section 25a of the German Banking Act (KWG), a group-wide risk management and risk control system has been established for the pbb Group, which, amongst other things, enables uniform risk identification, risk measurement and risk limitation. At the level of the individual institution, pbb makes use of the exemption from the requirements of Section 25a(1), third sentence, points 1, 2 and 3(b) and (c) of the German Banking Act (KWG) regarding the risk control function, in accordance with Section 2a(2) of the German Banking Act (KWG).

The approval of the following statements in accordance with Article 435(1)(e) and (f) of the CRR by the Management Board of pbb took place as part of the approval of this Disclosure Report.

Statement on the adequacy of risk management procedures

The information pursuant to Article 435(1)(a) to (d) of the CRR regarding the risk management objectives and policies, as well as the risk management strategy and procedures of the pbb Group, is described for the individual risk categories in this Disclosure Report and additionally in the 2025 Annual Report (Risk and Opportunity Report). The 2025 Annual Report is published on pbb's website under Investors / Financial Reports and Other Publications.

The pbb Management Board considers the existing Group-wide risk management and risk control system, within the meaning of Article 435(1)(e) of the CRR, to be appropriate and effective in relation to the pbb Group's business and risk profile and its business and risk strategy. pbb assumes that the methods, models and processes implemented within the pbb Group are at all times suitable for ensuring risk management and risk control aligned with the business and risk strategy and the risk profile.

Risk Statement

The risk statement pursuant to Article 435(1)(f) of the CRR describes the pbb Group's general risk profile associated with its business strategy. The pbb Management Board hereby declares, to the best of its knowledge, that the internal risk management procedures employed within the pbb Group are suitable for consistently providing a comprehensive picture of the pbb Group's risk profile and for sustainably ensuring its risk-bearing capacity and solvency at all times.

Strategic business areas

In 2025, the pbb Group's strategic business was commercial property financing, with a focus on Pfandbrief-eligible business. This is consolidated within the Real Estate Finance (REF) segment. In addition to the strategic REF business, the pbb Group has grouped its non-strategic business within the Non-Core (NC) segment. The Non-Core portfolio is being run down through maturities and sales, taking advantage of market opportunities.

The pbb Group refinances its assets via the capital market and deposits from private customers. Secured issues in the form of mortgage Pfandbriefe – that is, secured bonds that comply with the requirements of the German Mortgage Pfandbrief Act (PfandBG) – are of the greatest importance. In addition, the pbb Group issues unsecured bonds and raises funds through deposit business with private investors.

In commercial property finance (REF), our offering is primarily aimed at professional national and international property investors and developers, such as property companies, institutional investors and property funds, as well as – particularly in Germany – small and medium-sized enterprises and regionally focused clients. Borrowers are generally special purpose vehicles (SPVs).

To date, loans have been granted primarily for office, residential, logistics and warehouse, retail, and hotel and leisure properties. Geographically, the focus is on Europe and the USA. The key core markets in Europe are Germany, France, the United Kingdom, the Nordic countries, selected Central and Eastern European countries, Spain and the Benelux countries. In the US, pbb has so far concentrated in particular on the metropolitan regions of New York, Washington D.C., Boston, Chicago, San Francisco, Seattle and Los Angeles. In the second quarter of 2025, pbb announced that it would be withdrawing completely from the US business. By exiting the US market, the pbb Group intends to focus its efforts more strongly on its core European business in future.

Here, pbb offers both local and cross-border financing expertise. The majority of the financing provided consists of investment loans, i.e. loans for the acquisition or follow-up financing of existing properties with established cash flows. Financing for property development projects (development financing) plays a complementary role and also encompasses the property development business in Germany. pbb is primarily a lender of senior secured loans, with borrowers having a high equity ratio and robust collateral in the form of properties in prime locations. Green loans are gaining in importance.

Lending is the Group's core business. pbb focuses in particular on primary client and syndication business. In addition to traditional, tailor-made financing solutions, pbb offers its clients derivative products to hedge risks associated with lending transactions. It does not maintain a trading book for securities and derivatives portfolios held with the intention of generating short-term profits.

In addition to the portfolio of the strategic business segment, pbb has a non-strategic portfolio, the so-called non-core portfolio. The non-core portfolio at pbb comprises all non-strategic public sector financing, as well as past transactions involving public-private partnerships and export credit financing. pbb does not actively pursue new business in this area. The Non-Core Portfolio is to be reduced in order to make resources tied up there available to pbb's core business. The portfolio is decreasing due to maturities and repayments. In addition, assets are sold when market opportunities arise.

It is planned to adjust the structure of the internal organisation from the first quarter of 2026. As a result, the pbb Group will split the existing Real Estate Finance (REF) segment into the Real Estate Finance Solutions (REFS) and Real Estate Investment Solutions (REIS) segments. REFS comprises commercial property financing and REIS comprises off-balance-sheet commission business.

Business Strategy

The pbb Group's business strategy is geared towards sustained value-creating business success. Crucial to this success are, on the one hand, the assessment and appropriate pricing of risk in the lending business and, on the other hand, access to the refinancing markets on favourable terms. Another key success factor is the management of the existing portfolio, with the aim of identifying changing risks at an early stage and mitigating them through appropriate measures. pbb continues to aim to be a share with attractive dividend payout ratios. Shareholders are to participate in this development through dividends and, in future, also through share buybacks (the latter subject to prior approval by the ECB). The Bank intends to distribute at least 50% of its profit after tax (IFRS, pbb Group) and AT1 coupon to shareholders.

The pbb Group continued to consistently implement Strategy 2027 in the 2025 financial year. The aim is to further diversify the business model and lay the foundations for future earnings growth and higher profitability. In doing so, pbb aims in particular to "strengthen its own strengths", meaning that the existing real estate platform and pbb's expertise are to be utilised to further develop the real estate business horizontally along the value chain. In this regard, pbb intends to draw on its long-standing sales and structuring expertise. These measures include, in particular, the expansion of commercial property financing to other types of property, as well as the planned business activities in Originate & Cooperate, pbb invest and Eco. In addition, there are plans to increase the volume of off-balance-sheet business to generate commission income, thereby contributing to revenue diversification and an increase in commission income.

As part of its business strategy, the pbb Group aims to broaden its loan and customer base. In addition to the revenue side, the pbb Group is also focusing on improving its efficiency. The internalisation of parts of the IT function, the organisational transformation with a leaner structure and the establishment of the hub in Madrid, as well as increasing digitalisation, are key elements in unlocking efficiency potential. pbb's aim is to optimise sub-processes and make them more customer-centric on the basis of standardisation and automation – including through the use of artificial intelligence or cloud services. In the pbb invest division, the pbb Group plans to establish and manage funds for commercial real estate as well as real estate financing (so-called equity and debt funds) for institutional investors. In this context, the pbb Group has completed the acquisition of Deutsche Investment Gruppe, agreed in August 2025, with effect from 1 January 2026. The acquisition is expected to make a significant contribution to the diversification of revenue streams and to the generation of sustainable, recurring commission income.

Risk strategy

The pbb Group's risk strategy governs the strategic risk orientation in line with the business strategy. Whilst accepting the inherent existential threats arising from the business objectives, the overall risk strategy takes into account exogenous factors, such as risks from the macroeconomic environment and new regulatory requirements, as well as endogenous factors, in particular the results of the annual risk inventory. As part of the risk inventory, all risks arising from our business activities that are material from an economic perspective are identified. Based on the results of the 2025 risk inventory, Credit risk, Market risk, Liquidity and funding risk, Operational risk, business and strategic risk, reputational risk, ESG risk, property risk, pension risk, investment risk and securitisation risk, including all associated sub-risk types, are classified as material.

Risk appetite

The risk appetite defined in the risk strategy describes the level and structure of risk that the Bank is prepared to take in pursuit of its business objectives and that it can take without permitting existential threats (beyond those that are inherent). The guiding principle of risk appetite is to ensure that the pbb Group maintains a sustainably adequate level of economic and regulatory capital and liquidity. This is quantified in the form of risk limits for capital and liquidity management with defined escalation mechanisms, as well as through quantitative and qualitative early warning indicators. The risks identified as material are included in the risk strategy in addition to the risk inventory. Further limits and framework conditions are specified and implemented in part through guidelines, frameworks and working instructions. They are thus firmly embedded in ongoing control and monitoring. In addition, regular portfolio-specific stress tests are carried out with regard to risk concentrations. Adequate consideration of the material risk types in the risk-bearing capacity calculation is ensured as part of the annual update of the risk-bearing capacity framework.

A bank's core function as a liquidity and risk transformer gives rise to unavoidable threats which, in extreme cases, could jeopardise the institution's continued existence. For pbb, these inherent existential threats include, for example, the default of Germany, other European countries, the United Kingdom or the USA, due to its business model.

Environmental, Social and Governance (ESG) risk

To ensure that ESG risks are adequately taken into account in risk management processes, an identification and assessment process for ESG risk drivers has been established as an integral part of the annual risk inventory. By identifying and describing the potential impact channels of possible ESG risk factors, it becomes clear to what extent a company's economic and financial activities are affected (financial materiality/outside-in) or how a company's activities impact ESG aspects (environmental and social materiality/inside-out) and within what timeframe. For ESG risk drivers identified as material, the impact on the individual risk types is examined and assessed. The results of the 'ESG materiality' process serve as the basis for developing the management strategy, including the formulation of the ESG risk appetite within the framework of the risk strategy. This includes the definition of suitable risk indicators for risk monitoring as well as for risk quantification, scenario analyses and stress tests. In addition, the assessment register is used to assign the categorised ESG risk factors – in accordance with the three lines of defence (3LoD) principle – to the individual functional areas and key control processes.

Based on the comprehensive, systematic materiality analysis, specific risk factors relating to physical climate and environmental risk, transitory risk and governance risk were classified as material. In the area of social risk, none of the risk factors considered were identified as material.

Physical and transitional environmental risk factors influence the creditworthiness of customers and are therefore relevant to counterparty risk. All material aspects of ESG risk that may be relevant to Liquidity risk are currently already taken into account in the known prudential risk categories (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 physical assets or disruptions to the Bank's business continuity and are therefore relevant to Operational risk. Furthermore, there is a potential impact of transitory, environmental and governance factors on reputational, legal and liability risks, as well as business and strategic risk.

From a risk perspective, the focus is clearly on the opportunities to exert influence across the entire commercial property finance value chain, starting with fundraising, through to business development, loan approval, the entire loan servicing process, and right through to repayment or the realisation of collateral. Within the pbb Group, the principle of environmental sustainability for the properties to be financed is based on close integration between the sales, credit and risk management departments and the valuers, and forms an integral part of the credit decision-making process. In this regard, pbb places particular emphasis on a high level of transparency in the property portfolio in accordance with ESG criteria and a comprehensive analysis, including taxonomy compliance, the pbb Green Score, the CRREM pathway and physical risks – as at 31 December 2025, 85.6% of the property portfolio had been fully rated and assessed according to ESG criteria. pbb has developed a decarbonisation pathway to reduce the emissions intensity of its property financing portfolio. Progress towards the decarbonisation pathway is monitored regularly, and the implementation of control measures for this key performance indicator will continue in 2026.

Liquidity risk management

A central component of liquidity risk management is the daily calculation of the cumulative liquidity position for various scenarios (base, risk and stress scenarios). The cumulative liquidity position provides a snapshot of expected future cash inflows and outflows, on the basis of which the liquidity requirement or liquidity surplus is determined. Based on the methodology of the cumulative liquidity position, control mechanisms such as limits and early warning indicators (triggers) are set and monitored accordingly. For the cumulative liquidity position, limits or triggers exist, depending on the scenario, for a term of up to two years. To meet the minimum requirements for the regulatory Liquidity Coverage Ratio (LCR), the Bank has established appropriate limits and early warning indicators. In the 2024 financial year, the regulatory minimum ratio of 100% was significantly exceeded on every reporting date. The average LCR (average of the last twelve month-end figures) at the end of 2025 stands at 355%; the LCR as at the disclosure date of 31 December 2025 is 379%. A minimum value of 100% must likewise be maintained for the Net Stable Funding Ratio (NSFR). The NSFR at the end of 2025 stands at 118%. pbb calculates both the LCR and the NSFR as part of its regulatory reporting processes, communicates these in its internal reporting and reports them to the supervisory authority.

A fundamental prerequisite for ensuring the pbb Group's liquidity position at all times is comprehensive, timely, transparent and methodologically sound risk measurement. The methods and models used for this purpose comply with the current, accepted standards of the banking industry. They are regularly reviewed by Risk Control, Internal Audit, our external auditors and the German and European supervisory authorities. Both our business strategy and our risk strategy are made measurable, transparent and controllable through the risk measurement procedures employed.

Capital adequacy and risk-bearing capacity

To ensure adequate capitalisation, compliance with economic risk-bearing capacity and regulatory capital ratios is reviewed as part of an early warning system, both in a forecast scenario and in an adverse stress scenario. Economic risk-bearing capacity, measured using the internal capital adequacy ratio, is comfortably met at 161% on a present value basis and 151% on a discounted cash flow basis as at 31 December 2025. pbb's Common Equity Tier 1 Ratio (CET1) is largely based on the capital requirements arising from the Supervisory Review and Evaluation Process (SREP) of the ECB as the competent supervisory authority, plus a buffer deemed appropriate by pbb's management to cover potential stress situations. The Pillar 2 capital requirement (P2R) applicable for the 2025 financial year is 3.25%. The pbb Group's Common Equity Tier 1

Ratio stood at 14.7% as at the reporting date, with €17.5 billion in risk-weighted assets (RWA) and €2.6 billion in Common Equity Tier 1 (CET1) capital. This provides a capital buffer deemed sufficiently comfortable to implement the planned business activities. Furthermore, this capitalisation also reflects a high risk-bearing capacity should the difficult market conditions persist over a longer time horizon. Nevertheless, should conditions take an unfavourable turn, numerous risk factors could adversely affect the forecast full-year result for 2025 to a significant extent that cannot be reliably quantified. These include, first and foremost, exceptionally high global economic risks arising from the changed macroeconomic environment.

With regard to the commercial property market in the US, the EBA, at the request of the ECB, stated on 27 February 2026 that the data published by the US Federal Reserve should be regarded as “not equivalent” for the purposes of the so-called hard test (EBA Q&A 2026_7688). Consequently, the preferential treatment of US real estate previously applied by pbb in the calculation of RWA would no longer apply on this basis (loss of the LGD collateralisation privilege). As at 31 December 2025, pbb did not concur with this assessment, but continued to assume that the hard test for the US had been met. Assuming that the Hard Test is not met as at 31 December 2025, this would have resulted in additional RWA of approximately €812 million and a reduction of approximately 1.37 percentage points in the CET1 ratio (indicative figure based on the portfolio as at 31 December 2025). In the meantime, pbb has decided to follow the assessment expressed by the EBA from the reference date of 31 March 2026 and will therefore assume from that date that the conditions for a preferential risk weighting of properties located in the US are no longer met. Please refer to the sections ‘Own funds requirements and RWA’, ‘Capital Ratios’ and ‘Economic Capital and Risk-Bearing Capacity (ICAAP)’ in this Disclosure Report.

Leverage ratio

In addition to the risk-based approach to own funds requirements and regulatory capital ratios, the Leverage ratio is used as a non-risk-sensitive capital requirement. In accordance with Article 92(1) of the CRR, institutions must maintain a Leverage ratio of at least 3% at all times. The pbb Group met this requirement at all times during the 2025 financial year. The Leverage ratio as at the disclosure date stands at 7.7%.

Provisions for credit losses and NPL ratio

Particularly against the backdrop of the decision taken in June 2025 to withdraw from the US market, the net provision for credit losses of €-410 million in 2025 was significantly more negative than in the previous year (2024: €-170 million). Net additions to provisions for financial assets in stages 1 and 2 amounted to €42 million (2024: net reversals of €14 million). Net additions to provisions for financial assets in Stage 3 amounted to €372 million (2024: €184 million). The largest portion of Stage 3 impairment losses, amounting to €221 million, was attributable to real estate financing in the USA (2024: €108 million). Net additions for real estate financing in Europe amounted to €151 million (2024: €76 million). These impairments were attributable to a small number of, albeit in some cases large-volume, loans, with the bulk of the provisioning volume relating to development finance in Germany. For further information on the net provisioning result, please refer to the pbb Group’s 2025 Annual Report (published on the pbb website), in particular the Financial Review.

The NPL ratio (non-performing loans) based on gross carrying amounts – which takes into account only loans and advances, but not bonds and off-balance-sheet risk positions (such as irrevocable loan commitments), no loans and credits held for sale, and no balances with central banks or other demand deposits – stands at 7.5% (31 December 2024: 5.1%). The portfolio of non-performing loans and advances increased by a total of €512 million to €2,405 million in the 2025 financial year.

Intra-group transactions and transactions with related parties

In the 2025 financial year, no material intra-group transactions or material transactions with related parties within the meaning of Article 435(1)(f)(ii) of the CRR were conducted that could have a significant impact on the risk profile of the pbb Group.

General organisation and principles of risk management

This chapter describes the general organisation and key principles of risk management for the pbb Group in accordance with Article 435(1) of the CRR. Further on in the Disclosure Report, these explanations are supplemented by additional information on the management of the following risk categories: Counterparty credit risk (Credit risk, Counterparty credit risk, CVA risk), Market risk, Liquidity and funding risk, Operational risk and ESG risk (environmental, social and governance risks).

Organisation and Committees

Management Board and Supervisory Board

The pbb Management Board is responsible for the pbb Group's risk management system and decides on the strategies and key issues relating to risk management and risk organisation.

The principles, methods and processes of pbb's risk management system are centrally defined by Risk Management and Controlling and are applied uniformly across the pbb Group, subject to any specific circumstances at the level of individual companies. All material risks are identified, analysed, assessed, managed, documented, monitored and communicated in a transparent and systematic manner.

Key activities within the risk management system for which the Management Board is responsible are:

- Defining, updating and communicating business and risk strategies as the basis for business activities and risk appetite
- Defining and further developing organisational structures, in particular for risk management, to ensure the control and monitoring of all material risks
- Adoption of credit authorisation guidelines as a decision-making framework throughout the credit processes
- Deciding on (portfolio) control measures outside the delegated authorities.

The Management Board informs the Supervisory Board of any significant changes to the business and risk strategies, as well as the risk profile of the pbb Group. The Supervisory Board's Risk Management and Liquidity Strategy Committee (RLA) is responsible for managing the overall risk situation, monitoring, establishing and further developing the risk management system, as well as for liquidity management and safeguarding, and decides on the necessary approvals for lending decisions. The Management Board informs the committee of all increases and new provisions for specific loan losses (Stage 3 provisions) amounting to more than €5 million and, at regular intervals, of larger and higher-risk exposures.

The committees set out below have been established at pbb Group level with the involvement of the relevant decision-makers.

Group Risk Committee

The Group Risk Committee (GRC) comprises the CRO (Chair), the CFO (Deputy Chair), the Chief Credit Officer (CCO), the Head of Financial Risk & Control (FR&C), the Head of Non-Financial Risk & Control (NFR&C) and a department head from the Credit Risk Management (CRM) division. The committee meets every three months; if necessary, extraordinary meetings may be convened or decisions taken by means of a circular resolution. The GRC discusses risk developments, adopts guidelines, risk measurement methods and their parameterisation, as well as risk monitoring methods for all risk types. , the GRC is responsible for developing uniform standards for risk management and control across the Group, and in doing so also monitors the development of risk-bearing capacity, economic capital, risk coverage and the loan portfolio, as well as

compliance with limits. Portfolio developments are discussed within the GRC. In addition to the GRC, further committees, discussed below, have been established.

Credit Committee

The Credit Committee is chaired by the CRO or the CCO. The committee usually meets at least once a week and makes credit decisions regarding new business, extensions, material changes to credit terms, and restructuring or resolution strategies for non-performing loans, provided these fall within the committee's remit. It also votes on all credit decisions that fall within the remit of the Executive Board or require approval or consent from the RLA. It is the responsibility of the relevant decision-makers to ensure that credit decisions are in line with the current business and risk strategy.

Watchlist Committee

The Watchlist Committee is chaired by the CCO and meets monthly. The committee discusses all exposures flagged by the early warning system and, where necessary, determines individual risk-mitigating measures to be implemented subsequently by the relevant departments. Where necessary, the committee decides on the transfer of individual exposures to the CRM REF Workout department, which carries out the necessary steps for restructuring or resolution based on an individual exposure strategy, as well as on the return of the exposure to standard credit management once the relevant transaction has been resolved. It is the responsibility of the unit handling the matter to obtain all credit decisions necessary for the implementation of the measures in accordance with the credit authorisation policy.

Risk Provisioning Committee

If there are indicators of impaired creditworthiness in an exposure, the exposure is presented to the Risk Provisioning Committee (RPC). The RPC deals with changes in impairment provisions for Stage 3 financial assets subject to collective or individual impairment and measured at amortised cost, as well as changes in fair value for non-performing financial assets measured at fair value through profit or loss and at fair value through other comprehensive income. The RPC is chaired by the CRO. The RPC makes decisions within the framework of a defined hierarchy of authority and in accordance with IFRS/HGB regulations.

New Product Process Committee

The New Product Process Committee consists of representatives from the key infrastructure and control departments, as determined by the RC. The committee acts on an ad hoc basis and is responsible for ensuring that, prior to commencing business activities with new products or in new markets, the resulting risks and the impact on processes, controls and infrastructure are systematically analysed and addressed. Business activities with new products or in new markets may only commence upon approval by the New Product Process Committee.

Group Stress Test Committee

Chaired by the CRO, the Group Stress Test Committee is responsible for the methodology, execution and monitoring of internal stress tests, with a focus on macroeconomic scenarios and climate risks, in particular the definition of base-case and stress scenarios. It is also responsible for all aspects of the recovery plan required by law from each institution during the 'normal business operations' phase.

Asset and Liability Committee

In addition to the GRC, another key steering committee is the Asset and Liability Committee (ALCO), chaired by the member of the Board of Management responsible for Treasury. The ALCO's tasks include liquidity management, management

of the pbb Group’s balance sheet structure, the definition of long-term funding strategies, capital management, the setting of internal fund transfer prices and market risk management.

Legal and Regulatory Risk Committee

Furthermore, there is the Legal and Regulatory Risk Committee (LRRC), chaired by the Head of the Regulatory Compliance Office, which advises on legal and regulatory requirements and, following consultation, can assign these to the relevant departments for implementation in a binding manner.

Outsourcing Committee

The Outsourcing Committee, chaired by the Head of Finance, deals with the implementation of regulatory and legal requirements, the drafting of and compliance with the relevant internal guidelines, and the overall management and monitoring of outsourced activities.

ESG Committee

There is also an ESG Committee, which deals with ESG matters within the pbb Group. The ESG Committee comprises the full Executive Board as well as the heads of the Corporate Affairs, Non-Financial Risk & Control, Finance, Operations & Digitalisation, Human Resources, Information Technology, Property Analysis & Valuation, Credit Risk Management, Treasury, Financial Risk & Control, Originate & Cooperate, RE Finance Germany, as well as the members of the ESG Programme Management Team and the project leaders of the various ESG working groups: Product & Portfolio (E&S), Operational E&S Footprint, E(SG) Risks, Governance (G), ESG Reporting & Communication, Business Planning, Management and Portfolio Steering, ESG Strategy and ESG Data. The ESG Committee is primarily responsible for managing regulatory and legal requirements relating to ESG, developing an ESG business strategy, and monitoring the corresponding implementation measures within the pbb Group. It develops ESG targets and the measures required to achieve them. In addition, the ESG Committee deals with the development of ESG key performance indicators and the resulting management processes.

Organisation of risk management

<table>
<tr><td colspan="9">Risk Management and Liquidity Strategy Committee (RLA) of the Supervisory Board</td></tr>
<tr><td colspan="9">Management Board</td></tr>
<tr><td colspan="5">Group Risk Committee (GRC)</td><td rowspan="2">Asset and Liability Committee (ALCO)</td><td rowspan="2">Legal and Regulatory Risk Committee[1)] (LRRC)</td><td rowspan="2">Outsourcing Committee (OC)</td><td rowspan="2">Environmental, Social and Governance (ESG) Committee</td></tr>
<tr><td>Credit Committee</td><td>Watchlist Committee</td><td>Risk Provisioning Committee</td><td>New Product Process Committee</td><td>Group Stress Test Committee</td></tr>
</table>

1) Reporting on compliance.

Chief Risk Officer (CRO)

In addition to the committees mentioned above, the following organisational units of the CRO form an integral part of the risk management system.

In the first half of 2025, there was a change in the position of CRO.

With effect from 1 June 2025, the Property Analysis & Valuation division was incorporated into the CRO's remit.

On 1 August 2025, the Risk Management & Control division was dissolved and the Financial Risk & Control and Non-Financial Risk & Control divisions were newly established. The former Compliance division is now part of the Non-Financial Risk & Control division.

Organisation of the Chief Risk Officer (CRO)

Chief Risk Officer (CRO)				
Credit Risk Management (CRM)	Financial Risk & Control (FR&C)	Non-Financial Risk & Control (NFR&C)	Operations & Digitalisation	Property Analysis & Valuation (PAV)

The organisation of the CRO function comprises, as a monitoring and back-office unit at pbb Group level:

- the CRM division, which is responsible for analysing new business and managing the existing portfolio. The CRM division also comprises the Workout unit, which aims to restructure or wind up all critical exposures, and the Credit Processes department, which is responsible in particular for organising the Credit Committee, continuously improving data quality in CRM and implementing regulatory requirements in credit processes. In addition, the Credit Competence Centre, acting as a service provider for the division, supports it in areas such as the standardised recording of tenants and lease agreement data, the Section 18 KWG analysis for selected customer groups, and other administrative tasks. The CRM division also comprises what is known as Tenant Risk Management, which analyses and assesses tenants relevant to risk and prepares the corresponding reports.

- the Financial Risk & Control division, which covers the monitoring of financial risks such as market, counterparty and liquidity risks at portfolio level. FR&C is also responsible for monitoring risk-bearing capacity, the allocation of the available capital framework across risk types, and for risk management and control functions across the entire bank. As part of operational control, the modelled, risk-oriented key performance indicators are analysed and monitored. Furthermore, FR&C is responsible for the calculation and methodology of risk provisions for Levels 1 and 2 (IFRS) and for the collective impairment allowance (HGB). Risks are mapped in reporting in order to present the company's risk situation—and in particular its economic significance—to decision-makers and to provide appropriate steering and management impetus.

- The Non-Financial Risk & Control division, which, as a central steering and control function, ensures the effective management of non-financial risks and works to ensure compliance with regulatory requirements. It currently comprises the Regulatory & AFC (Anti-Financial Crime) Compliance Germany, Information Security, Validation & Model Risk Management departments and the Operational Risk team, thereby making a significant contribution to the bank's stability, integrity and sustainable business operations. The departments are represented on various committees and, in addition to the Executive Board, some of them also report regularly to the Audit Committee and the Risk Management and Liquidity Strategy Committee of the Supervisory Board. As of 1 August 2025, the Control Attestation Process was transferred to the NFR&C division.

- the Operations & Digitalisation division. The Operations sub-division is responsible for the global servicing and administration of the loan portfolio (including the technical implementation of loan agreements), the settlement of capital market transactions, the management and processing of securities and derivatives portfoli-

os, and the handling of national and international payment transactions. The Digitalisation sub-division acts as a centre of excellence for the entire pbb and drives forward pbb's digital transformation. Its strategic focus includes the digital customer interface and intelligent process automation to achieve efficiency gains through the use of new technologies and methods, such as artificial intelligence or agile project management.

> the Property Analysis & Valuation division. PAV is responsible for the holistic, risk-oriented analysis and valuation of collateralised properties using market and mortgage lending value methods, the research of regional property markets, and the monitoring of financed construction projects. Real estate analysis also encompasses the collection, analysis and assessment of sustainability information at property level to determine taxonomy compliance, green bond and loan eligibility. Furthermore, PAV houses the trustee's office responsible for securing claims backed by real estate mortgages, as well as claims arising from the financing of public sector investment projects both domestically and abroad. The Trust Office coordinates the securing of claims and ensures compliance with the requirements of the Mortgage Act.

In addition, the Regulatory Compliance Office was established on 1 August 2025 to coordinate and monitor the implementation of regulatory requirements across the bank. It is also responsible for further strengthening the risk culture. It reports directly to the CRO.

Alongside the CRO function, the independent Internal Audit unit complements the risk management system. Internal Audit's remit includes risk-oriented periodic and ad hoc audits of processes, controls and systems. This also encompasses the review of the risk management system and the internal control system.

Risk Strategy and Policies

Together with the business strategy, the risk strategy forms the corporate strategy and incorporates the guidelines from the planning process. It was defined on the basis of the Group-wide risk appetite and reflects pbb's strategic focus as a specialist in commercial property financing with Pfandbrief-based refinancing. Furthermore, the risk strategy defines the guidelines which, taken together, form the risk management system and upon which the risk culture is based. The risk strategy applies – subject to any specific circumstances at the level of individual companies – to the business segments and legal entities of the pbb Group and is reviewed and updated at least once a year.

The 2025 Risk Strategy was adopted by the Management Board in autumn 2024 – in line with the preparation of the business strategy – as part of the annual strategy formulation process for 2025, approved by the Risk Management Committee (RLA) and noted by the Supervisory Board. An update was carried out in the second half of 2025 with the involvement of all relevant bodies.

The risk strategy is implemented through risk policies for the individual business segments, as well as guidelines, frameworks or instructions for all material risk types in accordance with the current risk inventory. The individual documents are regularly reviewed and updated. They contain information on risk measurement, monitoring and risk management. The limit-setting process and the escalation process in the event of a limit being exceeded are also described therein.

Risk reporting

Risk reporting is structured in line with the business segments. The Executive Board receives regular risk reports containing a comprehensive overview and detailed information on the risk situation by risk type, as well as further information relevant to management. The supervisory bodies are also informed at regular intervals about risk-related matters via . In addition, special reports are prepared on an ad hoc basis or at the request of the Executive Board or the Supervisory Board, addressing specific and acute risk areas, such as critical markets, products or counterparties.

Risk quantification, risk control and management

pbb conducts a comprehensive risk inventory at least once a year to systematically identify and analyse potential risks that may arise from the business model or the external environment of the pbb Group. 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 resources, and examined for possible risk concentrations. Where possible, risks are quantified using appropriate risk models or other methods.

Risks that cannot be quantified, or can only be quantified in part, are monitored and managed through dedicated capital buffers or separate control instruments, as well as through regular detailed reports and clear guidelines, such as the regulations on compliance and corporate governance.

Risk, capital and liquidity management is based on the ICAAP (capital) and ILAAP (liquidity) management frameworks, each from a normative and an economic perspective. The normative perspective focuses on the ongoing fulfilment of all capital- and liquidity-related legal and regulatory requirements. The economic perspective considers all material risks that could jeopardise the economic viability of the pbb Group. The focus here is on a present value-based assessment of risks. Furthermore, this present value-based assessment is supplemented by a present value view.

In addition to measuring, limiting and monitoring risks, all management committees also include regular reporting and escalation processes, and are supplemented by scenario analyses and stress tests. To take account of the monitoring of ESG risks, various ESG risk factors have been integrated into the risk assessment process, which also encompasses monitoring, reporting and quantification. In addition, climate-specific stress tests and scenario analyses are continuously being further developed, expanded and refined. Within the strategic control cycles, pbb defines its risk appetite and the extent of the risks it is prepared to take. This generates operational control measures through limit systems, committee decisions and other management decisions.

Corresponding limit and early warning systems are implemented in line with the risk appetite within the individual risk categories and across the board at the level of the capital management committees. The strategy underlying each risk category, the risk definition, the risk calculation methods and the reporting are described in detail in the following chapters.

Internal Audit

The need for an Internal Audit arises from specific statutory provisions, such as Section 25a(1) sentence 2 no. 3 of the German Banking Act (KWG) in conjunction with the MaRisk (in particular AT 4.4.3 in conjunction with BT2) and Section 91(2) of the German Stock Corporation Act (AktG).

In this sense, the audit is an integral part of the internal monitoring system. The so-called ‘Internal Control System’ (ICS) comprises, on the one hand, all forms of monitoring measures that are directly or indirectly integrated into the work processes to be monitored (= process-dependent monitoring). On the other hand, as an instrument of the Management Board, the Audit Department monitors operational and business processes, risk management and risk controlling, as well as the IKS, in a risk-oriented manner (= process-independent monitoring).

The Board of Management grants the Audit Department the right of initiative and authorises it to communicate directly with any employee in order to examine any activity or business unit and to gain access to all records, files or data of pbb, including management information and the minutes of all advisory and decision-making bodies, whenever this appears relevant to the performance of its duties. This also includes (physical) access to all premises as well as technical access to the IT systems.

In accordance with the German Institutional Remuneration Regulation (InstitutsVergV), the Internal Audit function is independently involved in the monitoring of remuneration systems (pursuant to Section 2(9) in conjunction with Section 3(3) InstitutsVergV).

Internal Audit reports directly to the Management Board of pbb. The Chair of the Supervisory Board/Audit Committee and all other members of the Audit Committee may, with the involvement of the Executive Board, obtain information directly

from the Head of Internal Audit. Furthermore, the Head of Internal Audit reports regularly to the Audit Committee on audit results and planning.

Audit activities must, on the basis of a risk-based audit approach, generally cover all operational and business procedures, activities and processes. In particular, the following are audited and assessed in accordance with MaRisk:

- the Internal Control System (ICS)
- the risk management and controlling processes
- reporting and information systems
- finance and accounting
- compliance with applicable statutory and regulatory requirements as well as other regulations
- compliance with operational guidelines, rules and regulations; and
- the security of assets.

This includes the audit of outsourced functions. The Internal Audit function's remit also includes special audits commissioned by the Executive Board. Whilst maintaining its independence, the Internal Audit function must be involved in major projects on an ongoing basis. The Internal Audit function must be informed in advance of all major projects so that the nature and scope of its involvement can be determined in good time.

The Audit Department is entitled to a full and unrestricted right to information. The requested information and documents must be made available to the Audit Department without delay, and access must be granted to activities, processes and IT systems.

In addition, every organisational unit is obliged to provide information to the Audit Department unsolicited if serious deficiencies are identified within its area of responsibility, or if significant damage has occurred, or if there is a corresponding initial suspicion.

In particular, from a risk perspective, material information must be forwarded without delay – in addition to the management and the relevant responsible parties – to the head of audit.

Further information on the internal control system can be found in the pbb Group's 2025 Annual Report, Risk and Opportunity Report, chapter 'Organisation and Principles of the Internal Control System'.

Types of risk

The pbb Group distinguishes between the following key types of risk in its business activities:

- Credit risk
- Market risk
- Liquidity and funding risk
- Operational risk
- Business and strategic risk
- Environmental, Social & Governance risk (ESG risk)
- Reputational risk
- Property risk
- Investment risk
- Pension risk
- Securitisation risk.

In the 2025 risk inventory, central counterparty risk is no longer considered material, and reputational risk has been separated from Operational risk and classified as material.

Furthermore, securitisation risk was identified as material in 2025, as pbb uses, among other things, Significant Risk Transfer (SRT) transactions for portfolio and risk management. In December 2025, an SRT was signed to hedge the US portfolio. Further information on this can be found in the 'Securitisations' section of this Disclosure Report.

Information on the management of the risk categories Credit risk (Counterparty credit risk, CVA risk), Market risk, Liquidity and funding risk, Operational risk and ESG risk in accordance with Article 435(1) of the CRR can be found later in this Disclosure Report. The risk categories business and strategic risk, reputational risk, property risk, equity risk, pension risk and securitisation risk are defined as follows:

Business and strategic risk

Business and strategic risk within the pbb Group refers to the risk of negative deviations in income and expenses from their planned values, arising from strategic decisions, inaccurate planning assumptions or unexpected changes in external conditions, and which are not already covered by other types of risk such as market risk, counterparty default risk or Operational risk. Details on quantification and the calculation results for economic capital for business and strategic risks are described in the chapter "Economic Capital and Risk-bearing Capacity (ICAAP)".

Reputational risk is defined as a current or future threat to the institution's earnings, Own funds or liquidity resulting from damage to its reputation. Reputational risk is covered by a capital buffer as part of the risk categories that are not quantifiable or only partially quantifiable.

Property risk

Property risk is defined as a potential negative change in the value of the company's own property portfolio due to a deterioration in the property market or economic conditions, or a negative change in the specific characteristics of individual properties caused by vacancies, changes in potential uses, structural damage, the need for investment, legal and economic conditions, and other factors. As at 31 December 2025 and 31 December 2024, there were no properties in the company's own property portfolio.

Investment risk

Consolidated companies are taken into account through the full consideration of their assets and liabilities as part of the monthly assessment of the pbb Group's capital adequacy or, indeed, within the individual risk categories, and therefore do not require further consideration under investment risk. To monitor the risk of changes in the value of investments and associated companies, therefore, only the pbb Group's investments in non-consolidated companies are considered. Investment risk is classified as material, as there is currently an investment in the course of restructuring and new investments may arise at any time. The risks are reflected accordingly from an economic perspective.

Pension risk

Pension risk is defined as the risk of additional expenses arising from insufficiently funded pension commitments under defined benefit pension plans. It is taken into account within the framework of the ICAAP. Pension risk is integrated into Market risk; details can be found in the chapter "Economic Capital and Risk-bearing Capacity (ICAAP)".

Securitisation risk

In accordance with Article 4(61) of Regulation (EU) No 575/2013 (CRR), securitisations are defined as follows: "A transaction or structure whereby the credit risk associated with an exposure or a pool of exposures is divided into tranches and which has the following characteristics:

- the payments made under the transaction or structure depend on the performance of the exposure or pool of exposures;
- the seniority of the tranches determines the allocation of losses over the life of the transaction or structure."

Within the pbb Group, securitisation risk is defined as the risk of losses arising from securitisation transactions. The business strategy provides for securitisation transactions and associated NPPs. These have an impact on the risk categories of Credit risk, Market risk, Operational risk, business and strategic risk, and reputational risk, and thus on economic capital, RWA and the profit and loss account.

Economic capital and risk-bearing capacity (ICAAP)

This chapter presents information for the pbb Group regarding the assessment of the adequacy of internal capital in accordance with Article 438(a) to (c) of the CRR.

Internal Capital Adequacy Assessment Process (ICAAP)

In accordance with Section 91(2) of the German Stock Corporation Act (AktG) and Section 25a(1) of the German Banking Act (KWG), pbb is obliged to establish appropriate and effective internal procedures to ensure its risk-bearing capacity on an ongoing basis. The Internal Capital Adequacy Assessment Process (ICAAP) is subject to supervisory reviews (SREP) and complements the supervisory procedures set out in the CRR and CRD under Pillar 1 of the Basel III framework.

In accordance with the 'ECB Guide to the internal capital adequacy assessment process (ICAAP)' published in November 2018, the supervisory authority expects two complementary perspectives in the ICAAP: a normative and an economic perspective. In line with the current ICAAP methodology, the adequacy of capitalisation is assessed from both the normative and the economic perspectives. Both perspectives aim to ensure the sustainability of business and capital planning as well as the long-term viability of the pbb Group.

The normative perspective focuses on ensuring compliance with regulatory and supervisory capital and liquidity requirements over several years. Particular emphasis is placed here on the forward-looking fulfilment of regulatory capital ratio requirements under expected and adverse conditions. The normative perspective takes into account both the cross-institutional capital ratios required under the CRR and the bank-specific minimum capital adequacy ratios communicated in accordance with the ECB's SREP decision. The metrics Common Equity Tier 1 Ratio, Tier 1 Ratio, Own Funds Ratio, leverage ratio, as well as regulations on MREL (Minimum Requirements for Own Funds and Eligible Liabilities) and large exposure limits constitute the capital-related regulatory and legal requirements.

The economic perspective is an additional, parallel and equally important management approach that is continuously monitored and reported on a monthly basis. Its aim is to ensure the institution's economic viability and is thus geared towards safeguarding the institution's net asset value. In this context, all material economic risks are viewed from a present value perspective, quantified as far as possible using models, and aggregated to form economic capital. Economic capital is defined as the capital required to cover financial risks at a confidence level of 99.9% and a one-year horizon. It is calculated for all relevant risk types and aggregated into total economic capital after taking diversification effects into account. The capital available to cover the total risk is determined and compared with the economic capital. In the supplementary present-value perspective, the hidden liabilities and reserves of all positions are taken into account, and not just the bonds on the assets side.

The risks identified as material in the risk inventory that affect capital and earnings – namely Market risk, Credit risk, business and strategic risk, Operational risk, property risk and investment risk – are included in the ICAAP, and the economic capital for these risk types is quantified using models or other methods. Within these risk categories, there are further material sub-risks at a granular level which were taken into account in the ICAAP during the reporting period as 'other risks'; these include roll-over risk, the performance risk of derivatives, the realisation risk of defaulted customers and ESG risks. Refinancing risk is included in business and strategic risk.

In addition to the risk-bearing capacity analysis, the ICAAP also comprises additional control elements such as a system of limits and early warning thresholds for risk and capital ratios, and a comprehensive monthly monitoring and reporting process. Furthermore, within base and stress scenarios, selected ratios are forecast over a medium-term period of up to three years and are also subject to limits and early warning thresholds. Compliance with these limits, together with a defined escalation process, supports the ongoing assurance of adequate capital adequacy.

The results of the ICAAP and the stress tests are presented regularly to the full Executive Board and the GRC. The contents of the risk-bearing capacity analysis are discussed there and, where necessary, further control measures are determined.

The methods used to calculate economic capital for the individual risk categories, as well as the key figures as at the reporting date, are explained in more detail in the following sections, 'Quantification of economic capital for individual risk categories' and 'Results of the risk-bearing capacity analysis'.

Quantification of economic capital for individual risk types

For the internal assessment of the capital adequacy process in accordance with the economic perspective, the economic capital of quantifiable risks is determined using models or scenario analyses and aggregated into the overall bank risk using a mathematical-statistical approach, taking into account specific correlations between market and Credit risks. The risks are calculated for a period of one year and at a confidence level of 99.9%.

The methodology for calculating economic capital for the individual material risk categories for 2025 is explained below.

Economic capital for credit risk

To calculate counterparty default risk at portfolio level, a credit portfolio model is used that follows the approach of a so-called asset-value model. The fundamental idea is that a statistical distribution of losses can be derived through the repeated simulation of correlated rating migrations of borrowers and the associated revaluation of the portfolio. The economic capital can then be derived from the loss distribution determined in this way as the unexpected loss. This quantifies the maximum unexpected loss, calculated at a specified confidence level, that may arise within a year as a result of rating migrations (including defaults) in the lending business. In addition to the loss distribution of the loan portfolio, a key result is the risk-adequate allocation of the counterparty default risk capital measured in this way to the individual borrower units in accordance with the so-called expected shortfall principle. This ensures that the risk is allocated to borrowers in a manner commensurate with the cause, thereby laying a key foundation for the risk-oriented management of the loan portfolio. During the period under review, the correlations between debtors, debtor groups and regions were updated.

The reported credit risk includes default and migration risk, transfer and conversion risk, concentration risk and model risk. The other elements of credit risk, such as the realisation risk for defaulted customers, the performance risk and the rollover risk, are not reported directly under credit risk, but are updated regularly and, as other risks, form a component of the overall risk.

Economic capital for Market risk (including pension risk)

The calculation of economic capital for market risk serves to capture potential financial losses arising from price changes in all positions. In this process, potential unsystematic losses are derived from an analysis of historical time series of specific influencing factors (risk factors), such as interest rates, exchange rates and credit spreads, over a 10-year period. In addition, stress analyses are carried out to verify whether the risk-bearing capacity remains intact when longer time series are taken into account. Finally, the annual loss distribution of the portfolio's market value is determined using a simulation process and the financial instruments' sensitivities to risk factors, from which the economic capital at the specified confidence level can be calculated. From a present value perspective, the credit spread risks of all positions are also taken into account.

Economic capital for operational risk

The quantification of operational risk within the ICAAP framework is carried out using the so-called loss distribution approach (LDA). The distributions for loss size and loss frequency are determined separately using internal loss data from the claims database. External data and scenario data are also incorporated into the modelling. The overall loss distribution is generated using a Monte Carlo simulation, which takes into account diversification effects between the various sub-risk

types and modelling categories. The economic capital for operational risk includes a buffer for potential modelling uncertainties. Furthermore, it is ensured that the calculated value for economic capital does not fall below a certain lower limit. This lower limit corresponds to the regulatory capital calculated in accordance with the CRR's standardised approach.

Economic capital for business and strategic risk

Business and strategic risk is quantified in the ICAAP by means of scenario analyses of all relevant items in the profit and loss account. The pbb Group does not take planned profits into account when deriving the risk coverage amount. Consequently, a buffer of at least the total positive planned result is set aside for operational and strategic risk, as this type of risk is, by definition, understood as a potential negative deviation from planned income and expenses. Should the quantification of operational and strategic risk result in a figure higher than the planned profits, the amount of operational and strategic risk exceeding the pbb Group's planned annual profit is reported as risk.

Liquidity risk in the ICAAP

It is not possible to capitalise liquidity risks in the narrow sense. Liquidity risks in the broader sense, i.e. an increase in refinancing costs for an unexpected potential funding requirement, are reflected in the economic capital for operational and strategic risk.

Result of the risk-bearing capacity analysis

Regulatory perspective

For a detailed presentation of the values of the prudential ratios CET1 Ratio, Tier 1 Ratio, Own Funds Ratio, MREL and Leverage Ratio measured as at the reporting date, please refer to the chapter "Own funds and Assets" in this Disclosure Report. The requirements regarding regulatory capital ratios were met at all times during the reporting year. In the forward-looking medium-term analysis of key capital ratios required by the regulator, these were above the internal limits at the end of the year in both the baseline scenario and the stress scenarios.

Economic perspective

From an economic perspective, total risk decreased in the reporting period following diversification effects. The decline in economic capital arising from Credit risk and Operational risk was more than offset by an increase in Market risk, business and strategic risk, and other risks. The decline in economic capital for Credit risk is mainly driven by the SRT transaction, in which risks in the commercial property portfolio in the US were spun off. Market risk has increased due to slightly higher interest rate risks and weaker diversification. Economic capital for operational risk is calculated at least annually and has decreased due to the updating of the input data used. The property portfolio continued to contain no properties during the reporting period. Economic capital arising from equity investment risks is currently deducted when calculating the risk coverage fund.

The risk coverage margin fell during the reporting period, mainly due to increased risk provisions in the commercial property portfolio. Compared with the end of 2024, the excess coverage has thus decreased, as the decline in the risk coverage margin was greater than the decline in the associated risks. Overall, risk-bearing capacity was also demonstrated for the economic perspective as at the reporting date.

The results in the present value perspective correspond to those in the near-present-value perspective, with the exception of hidden liabilities and Market risk. This results in additional hidden liabilities of €95 million and an additional Market risk of €35 million. The internal risk-bearing capacity ratio in the present value perspective is thus 151%.

ICAAP – Risk-bearing capacity: Economic perspective (EU OVC)

		a	b	c
			Economic perspective	
All figures in € million, unless otherwise stated		31 December 2025	31 December 2024	Change
1	Credit risk	826	1,017	-191
2	Market risk	424	407	17
3	Operational risk	79	80	-1
4	Business and strategic risk	99	87	12
5	Property risk	-	-	-
6	Other risks	135	134	1
7	**Total before diversification effects**	**1,563**	**1,725**	**-162**
8	**Total after diversification effects**	**1,514**	**1,666**	**-152**
9	Available financial resources before net hidden losses	2,521	2,786	-265
10	Net hidden losses	-86	-85	-1
11	**Available financial resources**	**2,435**	**2,701**	**-266**
12	Excess capital	921	1,035	-114
13	Capital adequacy ratio in %	161	162	-1

Should credit spreads or credit ratings of European public sector debtors deteriorate as a result of economic or political developments, a corresponding increase in credit risks and a reduction in risk-covering assets due to an increase in hidden liabilities (net) and reduced equity capital are to be expected, regardless of any countermeasures. Should the property markets deteriorate further, rating downgrades for the relevant debtors and thus a higher Credit risk would be expected. Furthermore, a deterioration in funding spreads could have a negative impact on Market risk.

Opportunities

A rapid economic recovery would lead to a narrowing of credit spreads and, generally, to rating upgrades, further strengthening the risk-covering capital base and thus increasing the excess capital under the ICAAP.

Stress tests

Stress tests play a key role both in terms of regulatory requirements and within the bank's internal management framework. All activities, developments and decisions relating to stress tests are coordinated and consolidated within the GRC and the subordinate Group Stress Test Committee.

As part of an integrated approach, the impact of macroeconomic stress scenarios on the key metrics of the normative and economic perspectives was assessed over a multi-year time horizon during the reporting period. Stress scenarios were developed and analysed, particularly with regard to geopolitical conflicts and inflation trends, as well as the resulting macroeconomic developments, to assess how these events might affect the Bank. Due to the highly dynamic nature of these developments, these scenarios are subject to a high degree of uncertainty.

Furthermore, stress tests are used in relation to economic capital and the risk coverage base to develop a deeper understanding of the sensitivity of the risk-bearing capacity calculation to adverse movements in economic factors. In addition, so-called inverse stress tests are also carried out regularly, which describe specific parameter combinations under which risk-bearing capacity would be jeopardised.

Credit risk

Management of counterparty default risk (including Counterparty credit risk)

This chapter describes the risk management objectives and risk management policy in accordance with Article 435(1) of the CRR for Credit risk (Counterparty credit risk, CVA risk, Securitisations) within the pbb Group.

Definition

Credit 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 (or alternatively an entire receivables or derivatives portfolio), resulting from a deterioration in the value of collateral or a deterioration in the creditworthiness of a country or a 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, which are defined in the pbb Group's risk strategy as follows:

Default risk

Default risk refers to the risk of defaults on receivables. The definition covers both defaults on loans and other credit instruments (Credit risk) and defaults on bonds or other securities (issuer risk), as well as defaults on receivables from derivatives (counterparty/replacement risk) and from money market transactions (repayment risk). The potential default of national or regional governments is also included as a special case (sovereign default risk).

Migration risk

Migration risk refers to the risk of a decline in the value of a receivable due to rating migrations. The risk encompasses both the risk of rating migrations of traditional borrowers and the migration risk of bonds and other securities, as well as receivables from derivatives and money market transactions. The effects of rating migrations in the case of central or regional governments are also included as a special case.

Realisation risk

Realisation risk for defaulted customers is the risk that the risk provision set aside will change over the time horizon under consideration or that realisations will differ in the event of realisation.

Transfer risk

Transfer risk is the risk that a government or central bank will restrict the use of the currency to its own country. This includes conversion risk, i.e. the risk that a government or central bank will declare its own currency non-convertible. Together with sovereign default risk, transfer and conversion risk constitute country risk.

Tenant risk

Tenant risk refers, on the one hand, to the risk that the debt servicing capacity of the respective borrowers may be negatively affected by a potential shortfall in rental income from properties. It also includes secondary concentration risk (tenant cluster risk), which arises when the same tenant is involved in several properties financed by pbb.

Performance risk

Settlement risk is the risk that pbb makes a payment or delivers a sold asset to a counterparty but does not receive a payment request or the purchased asset.

Extension risk

Extension risk refers to the risk that the holding period of an asset relevant to counterparty default risk is extended by a maximum of one year.

Concentration risk

Concentration risk refers to the risk of clustering in relation to a single risk factor or counterparty, or to a strongly correlated group of risk factors or counterparties.

Risk strategy and principles

The pbb Group has divided its entire loan portfolio into the REF, Non-Core and C&A segments. The strategic business is concentrated in commercial property financing (REF). The risk strategy also reflects this structure. There are plans to subdivide the REF segment in the future into the sub-business areas Real Estate Finance Solutions (REFS) and Real Estate Investment Solutions (REIS). REFS stands for commercial property financing with a focus on Pfandbrief-eligible business. REIS comprises pbb invest and the new Originate & Cooperate business area currently being established.

Risk reporting

pbb’s reporting on credit risks comprises the following key components:

Group Risk Report

In addition to volume trends, the pbb Group Risk Report includes key credit risk management indicators such as trends in expected loss and unexpected loss via Value at Risk. The report highlights Credit risk at pbb Group level in the context of overall banking risk and risk-bearing capacity, reports on limit utilisation and breaches, and identifies risk concentrations. Key indicators such as the development of exposure at default (EaD), expected loss (EL), credit value at risk (Credit VaR), non-performing exposure (NPE) and non-performing loans (NPL) are included in this report and are discussed by the Management Board. The report is also brought to the attention of the Supervisory Board’s Risk Management Committee (RLA) and is regularly discussed by the committee at its meetings.

CRM REF Portfolio Reporting

The CRM REF Portfolio Reporting presents the breakdown of the REF portfolio (including various parameters such as Expected Loss in basis points) by country and asset class and reports on risk monitoring, forbearance, tenant risks, property sub-markets, strategy breaches and maturity profiles. This quarterly report is made available to the CCO, the CRO, the Executive Board and the RLA of the Supervisory Board.

Non-performing loan (NPL) reporting

’s Non-Performing Loan (NPL) reporting presents the development of the NPL portfolio and the NPL ratio at pbb. The aim of the reporting is to identify any deviations from the NPL strategy, to verify whether the reduction targets defined in the strategy have been triggered, and to propose appropriate countermeasures where necessary. The report is discussed quarterly, initially by the NPL Committee (comprising the CCO, a representative from the FR&C division and the Head of CRM REF Workout), and then, following approval, made available to the Executive Board and the RLA of the Supervisory Board. The NPL Committee analyses the NPL portfolio and its development, derives measures where necessary, and submits these recommendations for action to the management body.

CRM Non-REF Portfolio Reporting

The CRM Non-REF Portfolio Reporting covers the Non-Core segment as well as C&A. The report presents the breakdown of the portfolio according to various criteria, such as countries, remaining maturities, type of counterparty or product classes. It also reports on TOP Engagements, Risk Monitoring, Forbearance and Financial Institutions. The report is produced half-yearly and made available to the CCO, the CRO, the Management Board and the RLA of the Supervisory Board.

Decisions on new business

For decisions on new business or credit-material changes to existing financing, such as term extensions, key figures, details and analyses at the individual case level are presented and discussed in the Credit Committee.

Existing business

In day-to-day business, further regular reports support operational management in managing and identifying risks at sub-portfolio level in a timely manner.

Notable developments

Notable developments that could lead to a significant deterioration in the risk profile of an individual exposure are reported ad hoc via so-called “Credit Issue Notes” directly to a wider group, up to the CRO.

Risk quantification via economic capital and risk-weighted assets in accordance with CRR

Credit portfolio model

The pbb Group uses a credit portfolio model to calculate economic capital for credit risks. This model and the quantification of economic credit risk are described in the chapter “Economic Capital and Risk-bearing Capacity (ICAAP)”.

Stress tests

The stress tests for economic capital in credit risk are discussed in the chapter “Economic Capital and Risk-Bearing Capacity (ICAAP)”.

In addition to the economic capital stress tests, reverse stress tests are conducted to examine by how much a specific risk parameter can change before a minimum capital ratio (Common Equity Tier 1 Ratio (CET1), Tier 1 Ratio or Own Funds Ratio) is no longer met. The minimum ratios are derived from the bank-specific SREP ratios.

Risk quantification in accordance with CRR

The pbb Group determines the risk-weighted assets (RWA) for the majority of its commercial financing using the Foundation Internal Rating Based Approach (F-IRB) and, for the remainder, using the Standardised Approach. As at 31 December 2024, the RWAs calculated using the F-IRB were calibrated to standardised risk parameters, meaning they are only comparable to a limited extent with the RWAs calculated for subsequent dates. This calibration has been discontinued since 1 January 2025. Details regarding RWA are explained, among other places, in the section 'Own funds requirements and RWA'.

Risk control, management and monitoring

Risk control

At portfolio level, the target portfolio structure is defined by means of structural components in the risk strategy. The limits are also based on the available risk coverage and include, for example:

- Limitation of country risks
- Definition of strategic risk parameters (e.g. regions, financing duration).

The following reports and measures are key elements for monitoring compliance with the defined limits and the target risk and return parameters at portfolio and individual transaction level:

- Analysis of portfolio developments in the Group Risk Committee
- Calculation of credit VaR at portfolio level using a credit portfolio model and, in some cases, setting limits at segment level; analysis of concentration risks and various stress tests
- Central, group-wide monitoring of risk concentrations through specific, regular and ad hoc analyses, for example of a regional or product-specific nature
- Continuous analysis of the portfolio and relevant markets by the local CRM units
- Regular valuation of loan collateral
- Special reports on potentially at-risk credit exposures (e.g. Credit Issue Notes)
- Determination of a risk-adjusted margin based on economic profit after tax.

The credit authorisation framework defines the authorisation levels for credit decisions at group level, depending on the counterparty group, EL class and exposure amount, for both new and existing business as well as for the Workout unit. The exercise of credit authorisations is delegated to individual staff members based on their individual experience and qualifications.

Risk management and monitoring

At the individual transaction level, the guidelines on credit processes define the necessary steps for risk assessment in new business or in the event of significant changes such as rollovers or credit increases in existing business, as well as the handling of exposures in intensive or problem loan management.

The core processes of counterparty risk management and monitoring, as well as the departments involved, are described below:

The CRM units carry out the initial or annual risk analysis for new and existing business. PD (Probability of Default) and LGD rating tools are used for the assessment and preparation of credit decisions in new and renewal business; these are developed by the FR&C division and validated and calibrated annually by the NFR&C division. The PAV division provides support in the analysis and valuation of collateral.

The Legal division is responsible for drafting contracts and structuring collateral, where necessary in conjunction with external solicitors or law firms.

Defined early warning indicators are continuously monitored by CRM at transaction level. In the event of significant anomalies, an extraordinary review of counterparty default risk (including a review of collateral value) is carried out, and appropriate courses of action are discussed. Furthermore, the cases are presented to the Watchlist Committee. This committee decides whether they should be included in a monthly or quarterly monitoring cycle, remain in the annual monitoring process, or be transferred to the Workout division. In addition, backtesting of the defined early warning indicators takes place at least once a year.

Where there are indicators of impaired creditworthiness, the amount of Stage 3 impairment losses under IFRS or specific impairment losses under the German Commercial Code (HGB), as well as changes in fair value for non-performing financial assets measured at fair value through profit or loss, is determined. These results are presented to the Risk Provisioning Committee, which decides on the amount of Level 3 provisions/individual provisions to be recognised or released, as well as on the amount of changes in fair value.

For exposures that have already been subject to Level 3 impairment (IFRS) or specific impairment (HGB), or that are yet to be impaired under IFRS or HGB, probability-weighted scenario analyses are carried out as part of the risk provisioning process to assess the potential development of the borrower, the collateral or the relevant market. These analyses are reviewed on a regular basis or as and when necessary. Corresponding decisions are based on pbb's current rules of authority.

Both exposures under intensive monitoring (watchlist) and cases of restructuring and resolution (non-performing loans) are reported on a condensed basis monthly in the Group Risk Report and to the Group Risk Committee, as well as in special analyses to the Management Board and Supervisory Board upon request.

An annual back-test of Level 3 risk provisioning is carried out. The results of the analysis are submitted to the RPC for information at the start of each new financial year.

Risk hedging and risk mitigation

Real Estate Finance

In the REF segment, financing is generally secured by mortgages. For new financing, loan-to-value ratios, property-related factors (including micro- and macro-location, letting situation and building condition) and market conditions are discussed as part of the decision-making process and taken into account in the individual loan assessment. For existing loans, this monitoring takes place regularly, at least annually.

In addition to mortgages, the financing collateral in the REF segment generally includes, amongst other things, rent assignments and the assignment of insurance proceeds, and is accompanied by extensive information and reporting obligations on the part of the borrowers. Apart from mortgages, only a few other selected forms of collateral are considered to be of sufficient value in the credit assessment or in the internal LGD and RWA calculations; in particular, under certain circumstances, cash collateral, bank guarantees and guarantees from public and non-public institutions. In the case of collateral in foreign currency, i.e. in a currency different from the loan currency , appropriate collateral buffers are factored in to account for any exchange rate risks.

In addition, pbb also utilises credit insurance solutions for individual loan and portfolio management, which can simultaneously have a positive impact on transaction-related RWA allocation and thus on the CET1 ratio. Associated objectives include a broader product range for monitoring and managing individual and portfolio risks, as well as ensuring a sound Key Performance Indicator (KPI) profile, which also incorporates the targeted capital ratios.

The valuation of properties in the REF segment is carried out in accordance with strict quality criteria. The values of the property collateral are determined when new loans are granted and reviewed at least once a year. pbb maintains an independent PAV division with property analysts: all PAV staff involved in property analysis hold ISO 17024 certification in accordance with the Hyp-Zert standard and most have additional qualifications (such as RICS membership). This department is always involved in the initial valuation when new loans are granted and in regular revaluations, as well as in the monitor-

ing of values, which is carried out at least annually. In the event of significant negative market changes in regions or segments, this valuation review may be carried out more frequently (for example, monthly or quarterly). In addition, PAV is supported by an automated monitoring solution in the Credit Workplace, which monitors a defined set of market and property data daily for changes. If one or more of the parameters change significantly, a valuation review by an expert is triggered immediately. If the changes are confirmed as justified and significant, a revaluation is carried out.

In the case of development financing, the planning status, budget, contract awards, construction schedule, sales/letting status and construction progress are monitored as part of a regular monitoring process. For complex developments, monitoring is usually carried out by external project monitors on behalf of pbb, on a monthly to quarterly basis (or more frequently if necessary in the case of problem loans). PAV is responsible for coordinating and supervising the external project monitors. For less complex developments, construction progress is monitored at least every three months by experienced and specialised internal property analysts. Cost tracking is carried out by CRM and provides an up-to-date overview of the cost situation as well as a forecast of the project's cost development. This is compared with the results of the internal (or, where available, external) monitoring. This enables any deviations from the project plan and thus project risks to be identified at an early stage during construction.

Public investment financing

In public investment financing, guarantees often serve as security (for example, contractual guarantees/sureties from public bodies, export credit guarantees). In addition, there are frequently statutory frameworks, such as the so-called 'Anstaltslast' in Germany or other direct and indirect safeguards, which allow recourse to a public body in the case of borrowers organised under public law. In some cases, the guarantees or statutory frameworks in the Non-Core segment are accompanied by additional financing collateral and information and reporting obligations on the part of the borrowers. However, this additional financing collateral is generally not considered to be of value in the credit assessment or in the internal LGD calculation.

Treasury

In the Treasury division, cash deposits and securities are primarily provided as or accepted as collateral in trading with other banks. Collateralisation is based on standard contracts, which may be amended on a case-by-case basis or subjected to individual review by the Legal Department.

Opportunities

The risk measures for credit risk are parameterised using statistical methods based on numerous historical observations. The risk measures also depend on assumptions regarding future developments in macro economic conditions and developments in the credit markets. Such economic conditions may develop more favourably than anticipated, and therefore the potential losses from Credit risk may theoretically be lower than quantified by the risk measures. Such potential positive developments then represent opportunities for the pbb Group that can be utilised to reduce risk.

Opportunities arise specifically if fewer loans experience performance defaults in the future than assumed in the risk quantification. Furthermore, opportunities may arise in the future from a lower-than-expected number of downgrades to lower rating categories.

Furthermore, opportunities arise if, in the future, the loss rates on defaulted loans are lower than assumed in the risk quantification. Lower loss rates can be triggered by various positive developments. On the one hand, it is possible that higher recovery rates will be achieved when realising collateral than assumed in the risk quantification. On the other hand, it is possible that a larger proportion of non-performing loans will recover without loss than was the case in the past.

In addition to positive developments in default rates or loss ratios, there are also opportunities in the context of counterparty default risk – theoretically and irrespective of other corporate objectives – should exposure values in the portfolio decline. This can occur, for example, if borrowers repay their loans more quickly than was expected under the terms of the contract or based on historical experience. Declining exposure values may arise in the derivatives portfolio if changes in certain

market parameters, such as interest rates or exchange rates, cause the market values of those positions associated with a replacement risk to fall.

Credit risk

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

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

Credit portfolio

The following tables EU CR1, EU CR1-A, EU CR2 and EU CR2a in accordance with Article 442(c), (f) and (g) of the CRR present information on performing and non-performing/defaulted credit risk exposures, on the value adjustments and provisions recognised in the lending business, and on the collateral and financial guarantees received, broken down by type of financial asset and by counterparty.

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

The gross carrying amounts of on-balance-sheet and off-balance-sheet credit risk positions as at 31 December 2025, including balances with central banks and sight deposits (EU CR1, line 005), totalled €41,934 million (30 June 2025: €43,563 million). Of this total of approximately €41.9 billion, €31,870 million relates to loans and credits and €6,287 million to debt securities; off-balance sheet risk positions, such as credit commitments and financial guarantees, account for €1,638 million.

Overall, on-balance-sheet and off-balance-sheet credit risk positions declined in the 2025 financial year (€-3,533 million compared with 31 December 2024 and €-1,629 million compared with 30 June 2025). Further information on the development of the respective assets is provided in the pbb Group’s 2025 Annual Report (published on the pbb website), including in the Financial Review and the note ‘Financial Position’.

Non-performing exposures

The portfolio (based on gross carrying amounts) of non-performing loans and credits amounted to € ,2,405, million as at the reporting date (31 December 2024: €1,893 million and 30 June 2025: €2,022 million), representing an increase of €512 million in the 2025 financial year. In commercial property finance (Real Estate Finance, REF), loans were newly classified as non-performing loans (EU CR2, line 020), around half of which related to financing for office buildings in Germany. This was offset by repayments of financing and loan repayments (EU CR2, line 030). Of the total non-performing loans, €0.9 billion relates to the USA.

The Stage 3 impairment provisions set aside against non-performing loans and credits of €2,405 million amount to €691 million, whilst the collateral and financial guarantees received in this regard amount to €1,572 million.

Risk provisioning and NPL ratio

Particularly against the backdrop of the decision in June 2025 to withdraw from the US market, the net provision for credit losses of €-410 million in 2025 was significantly more negative than in the previous year (2024: €-170 million). Net additions to provisions for financial assets in stages 1 and 2 amounted to €42 million (2024: net reversals of €14 million). Net additions to provisions for financial assets in Stage 3 amounted to €372 million (2024: €184 million). The largest portion of Stage 3 impairment charges, at €221 million, was attributable to property financing in the US (2024: €108 million). Net additions for property financing in Europe amounte d to €151 million (2024: €76 million). These impairments were attributable to

a small number of, albeit in some cases large-volume, financing transactions and, in terms of the volume of provisions, were largely attributable to development financing in Germany.

The NPL ratio (non-performing loans) based on gross carrying amounts – which takes into account only loans and advances, but not bonds and off-balance-sheet exposures (such as irrevocable loan commitments), no loans and advances held for sale, and no balances with central banks or other demand deposits – stands at 7.5% (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 non-performing exposures
All figures in € million			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	thereof: stage 2		thereof: stage 2	thereof: stage 3			
005	Cash balances at central banks and other demand deposits	2,139	2,139	-	-	-	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	**29,465**	**23,669**	**5,273**	**2,405**	**0**	**2,108**	**-140**	**-33**	**-107**	**-814**	**0**	**-691**	**0**	**25,681**	**1,572**
020	Central banks [3]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	2,990	2,858	-	-	-	-	-	-	-	-	-	-	-	43	-
040	Credit institutions	547	547	-	-	-	-	-	-	-	-	-	-	-	547	-
050	Other financial corporations	962	961	1	-	-	-	-	-	-	-	-	-	-	828	-
060	Non-financial corporations	24,965	19,302	5,272	2,405	-	2,108	-140	-33	-107	-814	-	-691	-	24,262	1,572
070	of which: SMEs	12,844	8,839	3,824	1,674	-	1,479	-96	-15	-81	-495	-	-416	-	12,564	1,173
080	Households	1	1	-	-	-		-	-	-	-	-	-	-	1	-
090	**Debt securities**	**6,287**	**6,243**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**470**	**0**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	5,315	5,315	-	-	-	-	-	-	-	-	-	-	-	238	-
120	Credit institutions	942	900	-	-	-	-	-	-	-	-	-	-	-	231	-
130	Other financial corporations	30	28	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**1,527**	**1,285**	**186**	**110**	**0**	**110**	**-4**	**-2**	**-2**	**0**	**0**	**0**	—	**1,291**	**101**
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	—	-	-
170	General government	80	28	-	-	-	-	-	-	-	-	-	-	—	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	—	-	-
190	Other financial corporations	9	5	-	-	-	-	-	-	-	-	-	-	—	5	-
200	Non-financial corporations	1,439	1,253	186	110	-	110	-4	-2	-2	-	-	-	—	1,286	101
210	Households	-	-	-	-	-	-	-	-	-	-	-	-	—	-	-
220	**Total [4]**	**39,419**	**33,336**	**5,460**	**2,516**	**0**	**2,219**	**-145**	**-35**	**-110**	**-814**	**0**	**-691**	**0**	**27,441**	**1,673**

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

EU CR1-A: Maturity of exposures

		a	b	c	d	e	f
		Net exposure value [1]					
All figures in € million		**On demand [2]**	**<= 1 year**	**> 1 year <= 5 years**	**> 5 years**	**No stated maturity [3]**	**Total**
010	Loans and advances [4]	738	6,012	14,675	9,490	-	30,915
020	Debt securities	-	403	4,709	1,175	-	6,287
030	**Total**	**738**	**6,415**	**19,383**	**10,666**	**0**	**37,202**

[1] Net value of the risk position: gross carrying amount after deduction of impairment losses on financial assets and depreciation, but before the application of Credit risk mitigation techniques.
Off-balance-sheet items are not included in EU CR1-A.

[2] The counterparty has the choice of when the risk position is repaid (such as short-term receivables or similar).

[3] The risk position has no fixed remaining maturity for reasons other than the counterparty being able to choose the repayment date.

[4] Under the Pillar 3 framework, loans and credits 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]	1,870
030	Outflows from non-performing portfolios [4]	-1,357
040	Outflows due to write-offs	-12
050	Outflow due to other circumstances [5]	-1,345
060	**Final stock of non-performing loans and advances [6]**	**2,405**

[1] Gross carrying amount (nominal value for off-balance-sheet items) of non-performing on-balance-sheet and off-balance-sheet exposures before deduction of impairment losses on financial assets and provisions in the lending business, but after write-downs, before application of Credit risk mitigation techniques and before credit conversion factors (CCF).
[2] Portfolio of non-performing loans and credits at the end of the last financial year.
[3] Loans and advances that have become non-performing during the reporting period (i.e. since the end of the last financial year).
[4] Loans and credits that are no longer classified as non-performing as at the disclosure date.
[5] Offsetting item arising from transfers to the resolution management during the disclosure period, net of write-offs/restructurings and loan repayments/redemptions.
[6] Portfolio of non-performing loans and credits as at the disclosure date.

EU CR2a: Change in the stock of non-performing loans and credits and associated cumulative net recoveries

All figures in € million		a	b
		Gross carrying amount	**Related net accumulated recoveries**
010	**Opening balance of non-performing loans and advances [1]**	**1,893**	———
020	Inflows to non-performing portfolios [2]	1,870	———
030	Outflows from non-performing portfolios [3]	-1,357	———
040	Outflow to performing portfolio	-	———
050	Outflow due to loan repayment, partial or total	-90	———
060	Outflow due to collateral liquidations	-41	39
070	Outflow due to taking possession of collateral	-	-
080	Outflow due to the sale of instruments	-220	79
090	Outflow due to risk transfers	-	-
100	Outflows due to write-offs	-12	———
110	Outflow due to other situations [4]	-995	———
120	Outflow due to reclassification as held for sale	-	———
130	**Final stock of non-performing loans and advances [5]**	**2,405**	———

[1] Balance of non-performing loans and advances at the end of the last financial year.
[2] Loans and advances that have become non-performing during the reporting period (since the end of the last financial year).
[3] Loans and advances that are no longer classified as non-performing as at the reporting date.
[4] Any other reductions in the carrying amount of loans and advances not covered by the above events (e.g. exchange rate movements).
[5] Portfolio of non-performing loans and credits as at the disclosure date.

Credit quality

The following tables, EU CQ1 to EU CQ8, in accordance with Article 442(c), (d) and (e) of the CRR, provide information on the credit quality of on-balance-sheet and off-balance-sheet credit risk positions. Among other things, they provide information on forborne (restructured) exposures, on non-performing and defaulted exposures among these, and on associated credit risk adjustments. Furthermore, the tables contain information on collateral received and financial guarantees, and show breakdowns by counterparty, geographical area (country) and economic sector (NACE code).

Defaulted and non-defaulted exposures

The gross carrying amounts of on-balance-sheet (loans and advances, debt securities, balances with central banks and sight deposits) and off-balance-sheet credit risk positions (such as irrevocable credit commitments) totalled €41,934 million as at the reporting date. Of these, the risk positions serviced in accordance with the terms of the contracts amount to €39,419 million, or around 94%.

The defaulted risk positions (loans and credits as well as off-balance-sheet credit risk positions) amount to €2,516 million. A Stage 3 impairment provision of €691 million has already been recognised for the defaulted loans and credits, and the collateral and financial guarantees received in this regard amount to €1,673 million.

A risk position under the IRB approach and the Standardised Approach is considered ‘in default’ if a default exists in accordance with Article 178 of the CRR or if another contractual or regulatory trigger applies. In this context, the pbb Group assumes a default if, for example, a borrower is more than 90 days past due with significant arrears or overdrafts, or if it is unlikely that the borrower will meet their payment obligations in full. A debtor’s 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 of the CRR, i.e. where none of the default events specified therein have occurred.

Non-performing exposure

The pbb Group also considers all exposures for which a default is deemed to have occurred in accordance with Article 178 of the CRR to be “non-performing”. In this respect, the defaulted receivables mentioned above, amounting to €2,516 million, are also classified as “non-performing” exposures.

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

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

Impaired exposures

An exposure is considered “impaired” if, in accordance with the accounting standards applied by the pbb Group, the International Financial Reporting Standards (IFRS), a Stage 3 impairment loss has been recognised. ’s portfolio of Stage 3 impairment charges amounted to €691 million as at the reporting date (31 December 2024: €411 million), whilst the gross carrying amount of the impaired exposures (loans and advances) totalled €2,108 million.

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

The rules and methods for impairment under IFRS 9 are described in the section “Credit risk adjustments”.

Past due exposures

An exposure is classified as “past due” for both accounting and regulatory purposes in the case of defaulted receivables where the debtor has failed to meet their contractually agreed interest or principal payments by the due date.

Credit risk exposures (loans and advances) that were partially or fully past due as at the reporting date totalled €2,893 million (31 December 2024: €2,077 million, gross carrying amount), of which risk positions more than 90 days past due (and non-performing) amount to €948 million (31 December 2024: €990 million). These exposures more than 90 days past due are also considered impaired.

Forborne (restructured) exposures

On the reporting date, on-balance-sheet and off-balance-sheet exposures subject to forbearance measures totalled €4,568 million (31 December 2024: €4,210 million), of which €2,277 million is considered to be serviced in accordance with the terms of the agreement and €2,291 million is considered non-performing. Provisions of €741 million have already been made against the non-performing, forbearance-related risk positions. The collateral and financial guarantees received for risk positions subject to forbearance measures amount to €3,720 million, of which €1,523 million relates to the non-performing, forbearance-related risk positions.

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

Early warning system

The pbb Group’s early warning system defines criteria or thresholds (triggers) for inclusion in the intensive monitoring (watchlist) and problem loan management processes (e.g. payment arrears, non-compliance with financial ratios – such as Loan to Value (LTV) and Interest Service Coverage (ISC)). Whether a trigger has been activated is monitored on an ongoing basis. If there is a corresponding indication, the exposure is analysed and presented to the Watchlist Committee. The Watchlist Committee decides, taking the overall circumstances into account, whether a prompt transfer to intensive or problem loan management is appropriate. Within this framework, and in the event of impairment triggers, the financial instruments are reviewed for indicators of impaired creditworthiness.

Indicators for watchlist and problem loans (restructuring and workout loans) include:

- Watchlist Loans: There is a payment arrears of more than 60 days, or another defined early warning signal (for example, the insolvency of a major tenant in the REF segment) applies.
- Restructuring Loans: There is a default (triggered, for example, by a payment arrears of more than 90 days or the borrower’s insolvency), or another contractual or regulatory trigger applies. In the case of restructuring, the focus is on the active implementation of a restructuring plan with the aim of either returning the loan to standard servicing or the voluntary realisation of collateral without enforcement measures. An impairment test is always carried out and, where necessary, a Stage 3 impairment loss is recognised in accordance with IFRS or a specific impairment loss is recognised in accordance with HGB, or a change in fair value is determined

for non-performing financial assets measured at fair value through profit or loss. Value adjustments, as well as changes in fair value and their underlying assumptions, are reviewed regularly and on an ad hoc basis.

- Workout Loans: There are no indications whatsoever that the loan can be restructured. Enforcement measures have been or are being initiated. Level 3 impairment losses under IFRS or specific impairment losses under the German Commercial Code (HGB) have been recognised, or necessary changes for non-performing financial assets measured at fair value through profit or loss have been taken into account. Impairment losses, as well as changes in fair value and their underlying assumptions, are reviewed on a regular basis and as and when necessary.

The CRM REF Workout unit is responsible for identifying and reviewing impairments in accordance with the relevant accounting standards (HGB and IFRS) and for determining the amount of impairment of financial assets with impaired credit quality.

EU CQ1: Credit quality of forborne exposures

All figures in € million		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures subject to forbearance measures [1)]				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collateral received and financial guarantees received on forborne exposures [2)]**	
		Performing forborne [3)]	**Non-performing forborne [3)]**			**On performing exposures subject to forbearance**	**On non-performing forborne exposures**		**of which: collateral and financial guarantees received on non-performing exposures subject to forbearance measures**
				of which: in default	**of which: impaired**				
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	**Loans and advances**	**2,202**	**2,211**	**2,211**	**1,914**	**-28**	**-741**	**3,576**	**1,451**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-
060	Non-financial corporations	2,202	2,211	2,211	1,914	-28	-741	3,576	1,451
070	Households	-	-	-	-	-	-	-	-
080	**Debt Securities**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
090	**Loan commitments given**	**75**	**80**	**80**	**80**	**-1**	**0**	**144**	**72**
100	**Total**	**2,277**	**2,291**	**2,291**	**1,994**	**-29**	**-741**	**3,720**	**1,523**

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

EU CQ2: Quality of the forbearance

All figures in € million		a **Gross carrying amount of forborne exposures**
010	Loans and advances that have been forborne more than twice [1]	-
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria [2]	2,211

[1] Loans and advances for which forbearance measures have been granted more than twice in the past. This means that recovered forborne loans and advances are included here provided that a new forbearance measure had been granted as at the disclosure date.

[2] Forborne exposures (Article 47b CRR ‘Forbearance measures’) may be classified as performing or non-performing, depending on whether they meet the conditions set out in Article 47a CRR ‘Non-performing exposures’.

EU CQ3: Credit quality of performing and non-performing exposures by days past due

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount [1]											
		Performing exposures			Non-performing exposures [2]								
All figures in € million			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	of which: in default 2)
005	Cash balances at central banks and other demand deposits	2,139	2,139	-	-	-	-	-	-	-	-	-	-
010	**Loans and advances**	**29,465**	**28,977**	**488**	**2,405**	**1,458**	**75**	**283**	**148**	**428**	**0**	**14**	**2,405**
020	Central banks [3]	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	2,990	2,990	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	547	547	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	962	962	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	24,965	24,477	488	2,405	1,458	75	283	148	428	-	14	2,405
070	of which: SMEs	12,844	12,356	488	1,674	1,144	75	227	147	67	-	14	1,674
080	Households	1	1	-	-	-	-	-	-	-	-	-	-
090	**Debt securities**	**6,287**	**6,287**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	5,315	5,315	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	942	942	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	30	30	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance-sheet exposures**	**1,527**	—	—	**110**	—	—	—	—	—	—	—	**110**
160	Central banks	-	—	—	-	—	—	—	—	—	—	—	-
170	General government	80	—	—	-	—	—	—	—	—	—	—	-
180	Credit institutions	-	—	—	-	—	—	—	—	—	—	—	-
190	Other financial corporations	9	—	—	-	—	—	—	—	—	—	—	-
200	Non-financial corporations	1,439	—	—	110	—	—	—	—	—	—	—	110
210	Households	-	—	—	-	—	—	—	—	—	—	—	-
220	**Total [4]**	**39,419**	**37,403**	**488**	**2,516**	**1,458**	**75**	**283**	**148**	**428**	**0**	**14**	**2,516**

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

[2] Non-performing exposures in accordance with Article 47a of the CRR or defaulted exposures in accordance with Article 178 of the CRR.

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

[4] Including 'Balances with central banks and sight deposits' reported in row 005.

EU 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 ment [3]	Provisions for off- - balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures [4]
				of which: non-performing		of which: subject to impairment [2]			
					of which: in default				
010	**On-balance-sheet exposures [5]**		**38,157**	**2,405**	**2,405**	**37,293**	**-832**	—	**-123**
1	(DE)	Germany	12,363	649	649	11,924	-217	—	-
2	(FR)	France	5,331	157	157	5,331	-31	—	-
3	(AT)	Austria	3,749	-	-	3,749	-1	—	-
4	(LU)	Luxembourg	3,535	416	416	3,471	-133	—	-12
5	(US)	United States of America	3,435	998	998	3,263	-340	—	-103
6	(PL)	Poland	1,780	78	78	1,755	-6	—	-8
7	(ES)	Spain	1,455	-	-	1,455	-2	—	-
8	(SE)	Sweden	1,184	-	-	1,061	-2	—	-
9	(NL)	Netherlands	1,017	-	-	1,017	-2	—	-
10		Other countries [6]	4,308	107	107	4,267	-97	—	-
020	**Off-balance-sheet exposures [5]**		**1,638**	**110**	**110**	—	—	**4**	—
1	(DE)	Germany	718	73	73	—	—	3	—
2	(LU)	Luxembourg	182	1	1	—	—	-	—
3	(FR)	France	168	-	-	—	—	-	—
4	(NL)	Netherlands	154	-	-	—	—	-	—
5	(ES)	Spain	117	-	-	—	—	-	—
6	(US)	United States of America	84	36	36	—	—	-	—
7	(DK)	Denmark	60	-	-	—	—	-	—
8	(PL)	Poland	36	-	-	—	—	-	—
9		Other countries [7]	117	-	-	—	—	1	—
030	**Total**		**39,795**	**2,516**	**2,516**	**37,293**	**-832**	**4**	**-123**

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

[2] An impairment in accordance with the three impairment stages of IFRS 9.

[3] Cumulative negative changes in fair value due to credit risk; for financial assets measured at fair value through profit or loss, a fair value allowance is implied.

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

[5] Balance sheet credit risk exposures: For reasons of materiality, the pbb Group does not disclose individual figures for all countries in accordance with the Pillar 3 framework. The line “Other countries” comprises other countries whose share of on-balance-sheet credit risk exposures is less than 2% in each case: United Kingdom (GB), Finland (FI), Jersey (JE), Italy (IT), Czech Republic (CZ), Portugal (PT), Slovakia (SK), Belgium (BE), Ireland (IE), Bermuda (BM), Hungary (HU), Slovenia (SI), Romania (RO), Mauritius (MU), Switzerland (CH), Latvia (LV), Oman (OM), Ghana (GH), Bangladesh (BD), Cameroon (CM), Liechtenstein (LI) and the Cayman Islands (KY). In addition, the line ‘Other countries’ includes exposures to supranational organisations. In accordance with the Pillar 3 framework, these are not to be allocated to the institution’s country of domicile but to this category.

[6] Off-balance-sheet risk exposures: For reasons of materiality, the pbb Group does not disclose all countries individually in accordance with the Pillar 3 framework. The line “Other countries” includes other countries whose share of off-balance-sheet credit risk exposures is less than 2% in each case: United Kingdom (GB), Jersey (JE), Sweden (SE), Finland (FI), Bermuda (BM) and the Czech Republic (CZ).

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**
			of which: non-performing		**of which: loans and advances subject to impairment**		
All figures in € million				**of which: in default**			
010	Agriculture, forestry and fishing [2) 3)]	-	-	-	-	-	-
020	Mining and quarrying	-	-	-	-	-	-
030	Manufacturing	18	-	-	18	-	-
040	Electricity, gas, steam and air conditioning supply	15	-	-	15	-	-
050	Water supply	48	-	-	48	-	-
060	Construction	206	-	-	125	-	-
070	Wholesale and retail trade	-	-	-	-	-	-
080	Transport and storage	67	-	-	67	-	-
090	Accommodation and food service activities	54	-	-	54	-	-
100	Information and communication	-	-	-	-	-	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	26,356	2,405	2,405	25,749	-831	-123
130	Professional, scientific and technical activities	138	-	-	138	-	-
140	Administrative and support service activities	35	-	-	35	-	-
150	Public administration and defence, compulsory social security	-	-	-	-	-	-
160	Education	63	-	-	63	-	-
170	Human health services and social work activities	369	-	-	369	-	-
180	Arts, entertainment and recreation	-	-	-	-	-	-
190	Other services	1	-	-	1	-	-
200	**Total**	**27,370**	**2,405**	**2,405**	**26,682**	**-831**	**-123**

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

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

[3)] When classifying a counterparty, only those counterparties falling within sectors related to non-financial corporations are taken into account. The FINREP sector "Non-financial corporations", in accordance with Implementing Regulation (EU) 2021/451, Annex V, comprises 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.

EU CQ6: Valuation of collateral – loans and credits

		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		**Non-performing**								
						Unlikely to pay that are not past due or are past due ≤ 90 days	**Past due > 90 days**						
All figures in € million				**Past due > 30 days ≤ 90 days**				**Past due > 90 days ≤ 180 days**	**Overdue > 180 days ≤ 1 year**	**Overdue > 1 year ≤ 2 years**	**Overdue > 2 years ≤ 5 years**	**Overdue > 5 years ≤ 7 years**	**Overdue > 7 years**
010	Gross carrying amount [1]	31,870	29,465	488	2,405	1,458	948	75	283	148	428	-	14
020	of which secured [2]	28,417	26,012	470	2,405	1,458	947	75	283	148	428	-	14
030	of which secured by immovable property	27,362	24,957	470	2,405	1,458	947	75	283	148	428	-	14
040	of which instruments with an LTV higher than 60% and lower than or equal to 80%	7,826	7,384	—	442	375	67	—	—	—	—	—	—
050	of which instruments with an LTV higher than 80% and lower than or equal to 100%	1,990	1,464	—	526	365	161	—	—	—	—	—	—
060	of which instruments with an LTV greater than 100%	1,541	309	—	1,232	600	632	—	—	—	—	—	—
070	Accumulated impairment for secured assets	-954	-140	-23	-814	-400	-414	-25	-54	-64	-259	-	-12
080	Collateral	—	—	—	—	—	—	—	—	—	—	—	—
090	of which the value is capped at the value of the exposure [3]	26,190	24,618	407	1,572	1,044	528	50	227	84	166	-	2
100	of which immovable property	26,190	24,618	407	1,572	1,044	528	50	227	84	166	-	2
110	of which value above the cap [4]	9,183	8,769	30	414	302	113	-	-	-	-	-	-
120	of which immovable property	9,181	8,767	30	414	302	113	-	-	-	-	-	-
130	Financial guarantees received	1,063	1,063	4	-	-	-	-	-	-	-	-	-
140	Accumulated partial write-off	-	-	-	-	-	-	-	-	-	-	-	-

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

[2] Gross carrying amount of secured and partially secured loans and credits. In the event of over-collateralisation, the gross carrying amount of the loans and credits must be disclosed.

[3] Amount of collateral received; the book value of the relevant risk position serves as the upper limit for collateral.

[4] Difference between the actual value of the collateral and the capped value of the collateral (carrying amount of the relevant exposure).

Tables EU CQ7 and EU CQ8 pursuant to Article 442(c) of the CRR provide an overview of the rescue acquisitions made by the institution, which originate from non-performing exposures and were acquired through repossession.

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

EU CQ7: Collateral acquired through repossession and enforcement proceedings

		a	b
		Collateral obtained by taking possession	
All figures in € million		Value at initial recognition[1]	Accumulated negative changes [2]
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	13	-9
030	Residential property	-	-
040	Commercial immovable property	13	-9
050	Movable property (cars, shipping, etc.)	-	-
060	Equity and debt instruments	-	-
070	Other collateral	-	-
080	**Total [3]**	**13**	**-9**

[1] Gross carrying amount on initial recognition in the balance sheet.
[2] Accumulated impairment or accumulated negative changes in the value of the collateral obtained on 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) as well as inflows and outflows during the disclosure period (since the end of the last financial year).

EU CQ8: Collateral obtained through repossession and enforcement proceedings – broken down by vintage

		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		**Total collateral obtained through repossession**									
						Foreclosed ≤ 2 years		**Foreclosed > 2 years ≤ 5 years**		**Foreclosed > 5 years**		**Of which non-current assets held for sale**	
All figures in € million		**Gross carrying amount**	**Accumu-lated nega-tive chang-es**	**Value at initial recognition**	**Accumu-lated nega-tive chang-es**	**Value at initial recognition**	**Accumu-lated nega-tive chang-es**	**Value at initial recognition**	**Accumu-lated nega-tive chang-es**	**Value at initial recognition**	**Accumu-lated nega-tive chang-es**	**Value at initial recognition**	**Accumu-lated nega-tive chang-es**
010	Collateral obtained by taking possession classified as property, plant and equipment	-	-	-	-								
020	Collateral obtained by taking possession other than that classified as PP&E	25	-12	13	-9	13	-9	-	-	-	-	-	-
030	Residential property	-	-	-	-	-	-	-	-	-	-	-	-
040	Commercial property	25	-12	13	-9	13	-9	-	-	-	-	-	-
050	Movable property (car, shipping, etc.)	-	-	-	-	-	-	-	-	-	-	-	-
060	Equity and debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
070	Other collateral	-	-	-	-	-	-	-	-	-	-	-	-
080	**Total [1)]**	**25**	**-12**	**13**	**-9**	**13**	**-9**	**0**	**0**	**0**	**0**	**0**	**0**

[1)] Portfolio of collateral acquired through possession, recognised in the balance sheet as at the disclosure date, by type of collateral. The total portfolio is calculated taking into account the original portfolio (since the end of the last financial year) and the inflows and outflows during the disclosure period (since the end of the last financial year).

Credit risk adjustments

This section describes the information required under Article 442(b) of the CRR regarding policies and methods for credit risk adjustments.

Impairments

The impairment policies under IFRS 9 apply to financial assets measured at 'amortised cost' or 'fair value through other comprehensive income', to receivables arising from leases, and to off-balance-sheet commitments such as loan commitments and financial guarantees. The provisions do not apply to equity instruments. For financial assets whose subsequent measurement is at fair value through profit or loss, a fair value adjustment is implied. IFRS 9 includes a model under which credit loss allowances are recognised at the time of initial recognition of the financial asset (or the date on which the pbb Group becomes a party to the loan commitment or financial guarantee) on the basis of credit losses expected at that time. In accordance with IFRS 9.5.5.17, this is an unbiased and probability-weighted amount, the calculation of which must take various conditions and scenarios into account. It is clarified that this is a probability-weighted average and not the most likely amount.

Value adjustments and provisions in the lending business

Risk provisioning in the lending business at initial recognition is generally based on expected default events within the next twelve months (so-called Stage 1). The expected 12-month credit loss is the portion of the credit losses expected over the term that corresponds to the expected credit losses from default events that are possible for a financial instrument within 12 months of the balance sheet date. In the event of a significant increase in the credit risk of the financial asset during subsequent measurement (Stage 2) or in the event of a deterioration in credit quality (Stage 3), the provision for credit losses must reflect the expected credit losses over the entire remaining life of the financial asset (Lifetime Expected Credit Loss). The pbb Group does not apply the simplified approach to receivables from leases, but instead classifies these into impairment stages 1 and 2.

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

- it is unlikely that the borrower will meet its payment obligations in full, or
- the borrower is more than 90 days past due with material arrears.

The pbb Group determines expected credit losses on an individual basis.

For allocation to the three impairment stages under IFRS 9, the pbb Group has developed assessment criteria that are very closely linked to the methods and tools used for creditworthiness and risk monitoring. Credit risk management practice also leads to intensified monitoring as the impairment stage increases. Any financial asset not carried at fair value through profit or loss must be assigned to Stage 1 on initial recognition, provided its credit quality is not impaired. A financial asset is transferred to Stage 2 if its Credit risk has increased significantly but its credit quality remains unimpaired. This is the case if

- there is a rebuttable presumption of a payment default of more than 30 days; or
- the financial asset is not investment grade and the multi-year probability of default at the balance sheet date is at least 2.5 times higher than the multi-year probability of default at the time of initial recognition of the financial asset.
- a regulatory forbearance measure has been implemented for a performing (non-distressed) financial instrument.

The criterion of a 30-day payment delay can, for example, be rebutted in the case of so-called technical arrears, including where the borrower transfers the amount owed to the wrong account and corrects this shortly afterwards.

Counterparties to receivables and securities whose creditworthiness has deteriorated since initial recognition but which still have an investment-grade rating and are not 30 days past due are classified as very low risk when assigning impairment levels.

A reclassification to Stage 3 is required if the financial asset is impaired. A financial asset is impaired if one or more events have occurred that have an adverse effect on the expected future cash flows of that financial asset. Indicators of an impaired credit quality of a financial asset include, amongst other things, observable data on the following events:

- significant financial difficulties of the issuer or the borrower
- a breach of contract, such as a default or delay in interest or principal payments
- concessions made by the pbb Group to the borrower for economic or legal reasons in connection with the borrower's financial difficulties, which the Group would not otherwise consider
- if it becomes probable that the borrower will enter into insolvency or other reorganisation proceedings
- the disappearance of an active market for this financial asset due to financial difficulties; or
- the purchase or origination of a financial asset at a significant discount that reflects the credit losses incurred.

For financial assets that are credit-impaired at the time of acquisition or origination (Purchased or Originated Credit Impaired, POCI), only the cumulative changes in expected credit losses over the term since initial recognition are to be recognised as an impairment loss at the balance sheet date. For such financial assets, expected credit losses are discounted using the credit-adjusted effective interest rate determined at initial recognition. From initial recognition onwards, the credit-adjusted effective interest rate is applied to amortised cost. Interest income is thus recognised over the entire life of the asset, even in the event of the borrower's recovery. Interest income is attributed to the POCI asset, and payments received are recognised in the same way as a repayment. As at 31 December 2025 and 31 December 2024, the pbb Group had no financial assets with credit quality already impaired at the time of acquisition or origination.

Expected credit loss

The pbb Group generally applies a model-based approach to determine the amount of expected credit loss. For Stage 1 and 2 impairment allowances, the basis used comprises the regulatory risk parameters (Probability of Default [PD], Loss Given Default [LGD]) as well as contractual information, such as the contractually agreed cash flows of the financial instruments. The comparison of the contractually agreed cash flows and the expected cash flows yields, among other things, the exposure measure with which the aforementioned risk parameters are linked when determining expected losses. The expected cash flows take into account, amongst other things, expectations regarding early repayments (so-called prepayment rates), expected loan extensions (so-called prolongation rates) and expected drawdowns of undrawn credit lines (so-called Credit Conversion Factor – CCF). The risk parameter PD is determined on an individual borrower basis using customer-specific rating procedures. The input factors for these rating procedures include several customer-specific risk factors such as debt-to-asset ratio, return ratios and similar quantitative indicators. The risk parameter LGD is determined using specific LGD models, which incorporate, in particular, the expected recovery rate from the realisation of collateral or other assets, the transaction-specific ratio between the current collateral value and the carrying amount of the receivable, and the expected time to receipt of proceeds as key input factors.

The regulatory risk parameters are appropriately transformed so that they meet the requirements of IFRS 9. This includes, amongst other things, the removal of conservative adjustments made for regulatory purposes, the inclusion of macroeconomic factors for the purpose of so-called point-in-time transformation, and the switch from the regulatory discount rate to the effective interest rate required by IFRS 9. In particular, these transformations ensure that the risk parameters are consistent with expectations. To determine multi-year default probabilities, historical data on rating migration is used in conjunction with forecasts of macroeconomic developments (for example, economic growth per country, 5-year swap rates per currency and – for property financing – the development of collateral market values broken down by property type and region). In this context, the information appropriate to the customer type is used. When forecasting the indicators, the pbb Group relies on both internal analyses and externally available data. Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, i.e. the carrying amount before provision for credit losses.

When determining point-in-time probabilities of default, economic forecasts for gross domestic product from the ECB, other central banks and economic research institutes are used in particular. For transactions in impairment category 1, only the

forecast for the year 2026 is used. For transactions in impairment category 2, forecasts up to 2029 are used. From 2030 onwards, a convergence to the long-term average is modelled.

As at 31 December 2025, the pbb Group recognised a temporary adjustment to expected credit losses in the form of a management overlay to reflect the current risk situation of real estate financing in the US. The management overlay is described in detail in the pbb Group's 2025 Annual Report (published on the pbb website), in the note 'Financial assets at amortised cost net of impairment losses (including receivables from finance lease agreements)'. As at 31 December 2024, the pbb Group had not made any adjustments to expected credit losses in the form of a management overlay, as it considered that the model-based risk provisioning adequately reflected the current risk situation.

The expected credit loss for Stage 3 is determined on the basis of individual cash flows across several probability-weighted scenarios. The provision for credit losses corresponds to the difference between the asset's carrying amount and the present value of the expected future cash flows. The latter is calculated using the original effective interest rate. The expected future cash flows take into account the realisability of the collateral provided, such as land charges/mortgages. Interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset.

Climate-related uncertainties are risk drivers that are generally implicitly included in the models used to determine expected credit losses. For example, in the REF segment, loans are secured by the properties being financed. Long-term risks in pbb's portfolio primarily relate to selected physical risks and to transitory risks arising from new sustainability and environmental regulations, CO_2 pricing and changes in market sentiment. Due to the cover pool requirements in the Pfandbrief business, the borrower is generally required to take out adequate insurance against losses resulting from physical risk events. Transitory risks are indirectly reflected in the market values of the properties. As property market values are generally derived from comparable transactions in the property market, the proportion of climate-related uncertainties in expected credit losses cannot be separated. Accordingly, it is generally not possible to determine whether, or which, property financing transactions have changed their impairment category as a result of climate-related uncertainties.

Write-downs

A financial asset may need to be written off, drawing on a provision already recognised, if, following a reasonable assessment, it is no longer considered 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 are to be expected from the debtor (for example, due to insolvency or lack of assets). In justified individual cases, attempts are made to recover the residual claim in full or at least in part through enforcement measures.

In the 2025 financial year, the pbb Group recognised write-downs on financial assets (reversals of impairment losses) amounting to €121 million (2024: €250 million).

Presentation in the balance sheet and the income statement

Provisions for impairment across all three stages under IFRS 9 on financial assets in the measurement category at amortised cost are recognised in the balance sheet under the item "Provisions for impairment on financial assets measured at amortised cost". The holdings of these financial assets are presented before and after taking into account the provision for credit losses. In the income statement, the impairment losses on these holdings are recognised in net credit loss.

Value adjustments for all three stages under IFRS 9 on financial assets in the measurement category at fair value through other comprehensive income are recognised in the balance sheet under the equity item "Accumulated other comprehensive income". In the income statement, the value adjustments on these holdings are recognised in the net credit loss provision.

Provisions for off-balance-sheet lending activities, such as irrevocable loan commitments and financial guarantees, are recognised in accordance with the impairment rules of IFRS 9 and reported on the liabilities side under "Provisions".

Credit risk mitigation techniques

This section presents the information required under Article 453 of the CRR regarding the Credit risk (arising from loans and credits, debt securities and off-balance-sheet exposures) and Counterparty credit risk (arising from derivative and securities financing transactions), covering both the types of collateral used and the key features of the policies and procedures for the valuation and management of this eligible collateral.

Key collateral used for credit risk mitigation

The core business of the pbb Group is commercial property finance (Real Estate Finance, REF), with a focus on transactions eligible for mortgage bonds. In the context of counterparty credit risk mitigation (Credit risk, Counterparty credit risk), the pbb Group takes the following key collateral into account:

- Real estate (mortgage liens)
- Sureties and guarantees
- Financial collateral.

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

The pbb Group did not enter into any hedging transactions involving credit derivatives (purchased or sold credit hedges) in the 2025 financial year, either as a collateral taker or as a collateral provider.

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

Use of collateral to reduce capital requirements

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

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

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

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

Risk concentrations within credit risk mitigation

Significant risk concentrations within the eligible collateral instruments used may exist, in the case of real estate mortgages, due to the inherent correlation between these physical collateral assets and the general property market trends in a country. The breakdown of the loan portfolio by region and by loan and property type is shown in the Risk and Opportunity Report of the 2025 Annual Report (published on the pbb website). Risk concentrations of this kind are limited within the pbb Group as part of country limit management.

Under this system, maximum limits within specific rating corridors are assigned to each individual country or group of countries – depending on the results of the internal rating process – which restrict the pbb Group's business activities. All country ratings and country limits are reviewed at least once a year by the Corporate Development/Economic Analysis division.

Quantitative information on credit risk mitigation

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

Furthermore, Tables EU CR4 and EU CR7-A, in accordance with Articles 444(e) and 453(g), (h) and (i) of the CRR, show the impact of eligible collateral on the risk positions that are treated under the KSA (Chapter 'Credit risk – Standardised Approach') or under the F-IRBA (Chapter 'Credit risk – IRB approach') respectively.

EU CR3: Overview of credit risk mitigation techniques

		a	b	c	d	e
		Unsecured net carrying amount [3]	**Secured net carrying amount** [1] [2]			
				of which: secured by collateral [4]	**of which: secured by financial guarantees**	
All figures in € million						**of which: secured by credit derivatives**
1	Loans and advances	5,802	27,253	26,190	1,063	-
2	Debt securities	5,817	470	-	470	—
3	**Total**	**11,619**	**27,723**	**26,190**	**1,532**	**-**
4	of which: non-performing exposures	19	1,572	1,572	-	-
5	of which: in default	19	1,572	—	—	—

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

Table EU CR7 pursuant to Article 453(j) of the CRR concerning the effects of credit derivatives used as credit risk mitigation techniques is not relevant to the pbb Group. As at the reporting date, the pbb Group has no credit derivatives in its portfolio.

Valuation and management of eligible collateral

Depending on the type of collateral, the pbb Group applies various valuation, control and review procedures. These procedures form an essential part of the aforementioned ad hoc and annual credit exposure reviews and the approval of new loans.

The pbb Group has established processing principles with regard to the valuation of the various types of collateral. A review of the value of the collateral provided takes place as part of the loan approval process or the regular assessment of borrowers and collateral, or when significant changes occur. Collateral subject to particular risks is monitored more intensively in accordance with regulatory requirements and on a risk-based basis.

The valuation of mortgages is generally based on a written valuation report and is documented in writing. The pbb Group monitors fluctuations in value on an ongoing basis using defined parameters.

Real estate

For every property used as loan collateral, a written market and mortgage lending value report is prepared by an independent property valuer. The mortgage lending value is primarily required for property collateral intended for the Pfandbrief cover pool (for the purpose of refinancing via Pfandbrief issues). External valuation reports are additionally subjected to a plausibility check by an internal employee (property analyst).

The regular monitoring and review of property collateral (monitoring and revaluation) is primarily focused on the market value of the properties:

- The aim of the ‘monitoring’ or review is to identify properties and/or markets (or combinations of property types and markets) where there could be a potential loss in value. Monitoring is carried out on the basis of market data, the file records and available information. A rough analysis of the individual properties is sufficient for this purpose.
- A revaluation (“revaluation or stage 3 of monitoring”) is carried out for properties where a decline in market value of more than 10% or other significant deteriorations in the underlying valuation assumptions are identified. In addition, a revaluation of the market value is carried out every three years. The three-year cycle is based on Article 208(3)(b) of the CRR, which requires monitoring at least once every three years.
- If, during the review or revaluation of the market value, there are indications that the mortgage lending value is also affected by a decline in value, a revaluation of the mortgage lending value is carried out in Stage 4 of the monitoring process in addition to the revaluation of the market value.

Further information on the quality criteria used to value properties within the pbb Group is described in the section ‘Risk hedging and risk mitigation’ of the chapter ‘Management of counterparty default risk (including Counterparty credit risk)’.

Sureties/Guarantees

The pbb Group recognises sureties and guarantees as collateral for the purposes of risk management and risk mitigation in accordance with Articles 213 to 215 of the CRR. For recognition as credit risk mitigation, both the sureties/guarantees and the guarantors must meet the regulatory requirements. Sureties and guarantees are recognised as credit risk mitigation through a standard PD substitution.

Financial collateral

Financial collateral (primarily cash collateral) serves as security for the pbb Group within the framework of netting agreements for derivative and securities financing transactions (securities repurchase and securities lending transactions). Further information on the application of netting for credit risk mitigation, the netting rules used by the pbb Group in this context

and financial collateral can be found both in the following section "On-balance-sheet and off-balance-sheet netting" and in the chapter "Counterparty credit risk".

On-balance-sheet and off-balance-sheet netting

Regulatory netting

As part of its credit risk mitigation, the pbb Group applies the regulatory provisions on off-balance-sheet netting to both derivative financial instruments and securities financing transactions (securities repurchase and securities lending transactions), provided that the contractual arrangements meet the requirements for risk-mitigating recognition in accordance with Article 296 CRR or Article 206 CRR. As at 31 December 2025, the pbb Group had utilised derivative contractual netting agreements amounting to €0.2 billion and securities financing transactions amounting to €0.4 billion.

Balance sheet netting

Derivatives cannot be offset on the balance sheet as they have different terms (for example, different maturities or underlying currencies). Collateral agreements cannot be offset against the derivatives on the balance sheet either. Derivatives cleared via Eurex Clearing form an exception. Under the European Market Infrastructure Regulation (EMIR), there is a clearing obligation for standardised over-the-counter (OTC) derivatives. Eurex Clearing is the central counterparty (CCP) used by pbb for the clearing of its OTC derivatives. Balance sheet netting is applied to derivatives concluded with Eurex Clearing. Balance sheet netting is carried out on a currency-by-currency basis and includes not only the carrying amounts of the derivatives but also the collateral determined, provided or received by Eurex Clearing in this context. As at 31 December 2025, balance sheet netting for derivatives settled via Eurex Clearing resulted in a reduction in the balance sheet total of €0.7 billion in total.

Securities repurchase and securities lending transactions are not offset on the balance sheet.

Master agreements

The pbb Group uses standard market master agreements (e.g. the German Master Agreement for Financial Futures Transactions (DRV), the ISDA Master Agreement or the Global Master Repurchase Agreement (GMRA)), including the associated collateral agreements (e.g. the Collateral Schedule to the DRV or the ISDA Credit Support Annex). The master agreements used for derivatives as well as for securities repurchase and securities lending transactions contain netting agreements, whereby, in the event of the insolvency of a contracting party, a single claim is established through the termination and netting of all transactions concluded under a master agreement, so that, in the event of the counterparty's default, pbb is only entitled to or obliged to pay the net balance of the positive and negative market values of the recorded individual transactions (so-called 'close-out netting'). This reduces the credit risk in relation to the respective counterparty. One of the prerequisites for recognition as a risk-mitigating measure is the verification of the validity and enforceability of the contractual netting agreement under the relevant legal system. This is carried out both on a regular basis and on an ad hoc basis on the basis of legal opinions.

Collateral agreements

Financial collateral, predominantly cash collateral but in some cases also securities, is accepted as collateral in the context of these transactions. This is done on the basis of standard market collateral agreements (for example, the collateral schedule to the DRV). Collateral is generally provided by way of full title transfer; in the case of securities, it is also provided by way of pledge. pbb generally provides or receives cash collateral in euros. Where derivatives are cleared through a central counterparty, collateral is provided partly through the pledging of securities and partly through the transfer of cash collateral. In the case of bilateral securities repurchase agreements/securities lending transactions, cash collateral is generally provided, whereas in the case of securities repurchase agreements/securities lending transactions cleared through a central counterparty, securities collateral is generally exchanged. For recognition for the purposes of credit risk mitigation in

accordance with the CRR, the provision of collateral must meet regulatory requirements. The validity and enforceability of the collateral is verified by means of legal opinions.

Transactions are valued on a daily basis. Collateral agreements do not generally provide for threshold amounts; there are only so-called minimum transfer amounts. Further information on this can be found in the chapter ‘Counterparty Credit Risk’, under the section ‘Rating-based Collateral Agreements’.

Credit risk – Standardised approach

This chapter presents the information required under Articles 444 and 453(g), (h) and (i) of the CRR regarding on-balance-sheet and off-balance-sheet credit risk exposures for which the pbb Group calculates the risk-weighted exposure amounts using the Standardised Approach (SA).

Application of the Standardised Approach

The pbb Group uses the Standardised Approach in accordance with Articles 111 et seq. of the CRR – alongside the F-IRBA – for all credit risk exposures that are not subject to the “SPV Investors” PD rating system (primarily IRBA exposure class: Corporates – Specialised Financing).

Use of credit rating agencies and export credit agencies

Designated rating agencies

For the assessment of credit quality under the standardised approach, the pbb Group uses exclusively external ratings from the rating agencies Standard & Poor’s, Moody’s and Fitch. The designations remain unchanged from the previous year. Export credit agencies, however, are not designated for credit quality assessment.

Assigned exposure classes

The aforementioned rating agencies are nominated for all KSA exposure classes.

Transfer of credit assessments

Issuer ratings are not transferred to comparable receivables of the same or higher seniority.

Mapping of external credit assessments

The pbb Group uses the mapping specified by the EBA in accordance with the CRR to map the external ratings of the rating agencies to the credit quality steps of the standardised approach.

Effect of credit risk mitigation

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

Quantitative disclosures on credit risk exposures under the standardised approach

The following tables EU CR4 and EU CR5, in accordance with Articles 444(e) and 453(g), (h) and (i) of the CRR, show for on-balance-sheet and off-balance-sheet KSA credit risk positions, broken down by exposure class, 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 the Effect of Credit Risk Mitigation

		a	b	c	d	e	f
	Exposure classes	**Exposures before CCF and before CRM** [1]		**Exposures after CCF and after CRM** [2]		**RWAs and RWA density**	
All figures in € million, unless otherwise stated		**On-balance-sheet exposures**	**Off-balance-sheet exposures**	**On-balance-sheet exposures**	**Off-balance-sheet amount**	**RWAs** [3]	**RWA density** [4] **(%)**
1	Central governments or central banks	6.093	-	6,925	-	21	0.30
2	Non-central government public sector entities	4,323	28	4,365	11	154	3.53
EU 2a	Regional governments or local authorities	3,002	28	3,675	11	76	2.06
EU 2b	Public sector entities	1,321	-	690	-	78	11.36
3	Multilateral development banks	339	-	339	-	-	-
EU 3a	International organisations	251	-	251	-	-	-
4	Institutional	346	-	91	-	21	23.37
5	Covered bonds	319	-	319	-	32	10.00
6	Corporates	632	83	66	39	89	85.62
6.1	of which: specialised lending	-	-	-	-	-	-
7	Subordinated debt exposures and equity	9	-	9	-	17	187.48
EU 7a	Subordinated debt exposures	-	-	-	-	-	-
EU 7b	Equity	9	-	9	-	17	187.48
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC expo-sures	5,150	557	5,150	224	2,652	49.35
9.1	secured by mortgages on residential immovable property - non-IPRE	2,089	38	2,089	15	448	21.28
9.2	secured by mortgages on residential property - IPRE	90	68	90	27	27	23 July
9.3	secured by mortgages on commercial immovable property - non-IPRE	2,261	111	2,261	45	1,293	56.05
9.4	secured by mortgages on commercial immovable property - IPRE	380	79	380	31	239	58.01
9.5	Acquisition, Development and Construction (ADC)	329	261	329	105	646	148.80
10	Exposures in default	294	59	294	26	439	136.77
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	30	-	30	-	7	22.48
EU 10c	Other items	196	-	196	-	324	165.39
12	**Total**	**17,983**	**726**	**18,035**	**301**	**3,756**	**20.49**

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

EU CR5: Standardised Approach

		a	d	e	f	j	k	p	t	u	y	z	aa
		Risk weight [1]										Total	Of which unrated [2]
	Exposure classes												
All figures in € million, unless otherwise stated		0%	10%	20%	30%	50%	60%	100%	150%	250%	Other		
1	Central governments or central banks	6,824	-	100	-	-	-	1	-	-	-	6.925	6,186
2	Non-central government public sector entities	3,838	-	380	-	157	-	-	-	-	-	4,376	3,745
EU 2a	Regional governments or local authorities	3,305	-	380	-	-	-	-	-	-	-	3,686	3,056
EU 2b	Public sector entities	533	-	-	-	157	-	-	-	-	-	690	688
3	Multilateral development banks	339	-	-	-	-	-	-	-	-	-	339	339
EU 3a	International organisations	251	-	-	-	-	-	-	-	-	-	251	251
4	Institutions	-	-	61	31	-	-	-	-	-	-	92	92
5	Covered bonds	-	319	-	-	-	-	-	-	-	-	319	319
6	Corporates	-	-	1	-	-	-	102	1	-	-	104	104
6.1.	of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	4	5	9	9
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-	-	-	-
EU 7b	Equity	-	-	-	-	-	-	-	-	4	5	9	9
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	-	2,161	-	-	2,525	238	424	-	-	5,374	5,374
9.1	secured by mortgages on residential immovable property - non-IPRE	-	-	2,052	-	-	-	52	-	-	-	2,104	2,104
9.1.1	no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-
9.1.2	loan splitting applied (secured)	-	-	2,052	-	-	-	-	-	-	-	2,052	2,052
9.1.3	loan splitting applied (unsecured)	-	-	-	-	-	-	52	-	-	-	52	52
9.2	secured by mortgages on residential immovable property - IPRE	-	-	109	-	-	-	9	-	-	-	118	118
9.3	secured by mortgages on commercial immovable property - non-IPRE	-	-	-	-	-	2,168	138	-	-	-	2,306	2,306
9.3.1	no loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-
9.3.2	loan splitting applied (secured)	-	-	-	-	-	2,168	-	-	-	-	2,168	2,168
9.3.3	loan splitting applied (unsecured)	-	-	-	-	-	-	138	-	-	-	138	138
9.4	secured by mortgages on commercial immovable property - IPRE	-	-	-	-	-	357	28	-	-	-	412	412
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	10	424	-	-	434	434
10	Exposures in default	-	-	-	-	-	-	85	236	-	-	321	321
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
EU 10b	Collective investment undertakings (CIU)	28	-	-	-	-	-	-	-	-	3	30	30
EU 10c	Other items	-	-	-	-	-	-	110	-	85	-	196	196
EU 11c	**Total**	**11,281**	**319**	**2,703**	**31**	**157**	**2,525**	**535**	**661**	**89**	**8**	**18,336**	**16,966**

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

Credit risk – IRB approach

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

The pbb Group uses the F-IRBA for the majority of its commercial property financing, namely for all credit risk positions assigned to the PD rating system "SPV investors" (primarily the corporate exposure class – special financing). For a transitional period from 30 June 2024 until the entry into force of CRR III ("Basel IV") on 1 January 2025, the calculation of risk-weighted exposure amounts has been calibrated to standardised risk parameters. In this respect, the figures and regulatory parameters reported since 1 January 2025, relating to the disclosure reference dates or periods since 1 January 2025, are only comparable to a limited extent with the figures reported for reference dates or periods up to and including 31 December 2024 .

Approved IRB approaches

For the IRB approach (F-IRBA), the pbb Group has received approval to apply the rating system listed in the EU CRE figure. There are no plans to extend the IRBA coverage to new exposure classes in the form of an implementation plan.

Rating systems in the IRB approach (EU CRE)

No.	Parameter	Model	Exposure classes	Scope [1]	Modelling approach [2]
PD rating system					
1	PD	SPV investors	Corporates/ Specialised financing	The obligor is an SPV (special-purpose vehicle), whereby the financed property or property portfolio is the sole business purpose and asset of the SPV and the liability is limited to the SPV (non-recourse financing)	Based on statistical default models

[1] Simplified illustration of the scope of application of the rating procedure. The exact scope of application is defined in the relevant working instructions.
[2] Methodology underlying the rating procedure.

Internal rating systems must meet the minimum requirements for the use of the IRB approach in accordance with Articles 143 and 144 of the CRR. In addition to methodological and procedural-organisational requirements, the rating systems must have demonstrated their suitability for the risk classification of both existing and new business. Rating or assessment systems are understood, within the meaning of Article 142 of the CRR, as the entirety of all methods, procedures, controls, data collection and IT systems used to assess credit risks, to assign exposures to credit quality steps or categories, and to quantify estimates of default and loss for a specific type of exposure.

Types of risk positions

Clearly defined scopes of application for the rating systems ensure that, within the pbb Group, the assignment of a debtor to an IRBA counterparty default risk exposure is consistent with the choice of PD rating system. Compliance with the scopes of application is verified during the rating process or is ensured by the system.

The IRBA exposure classes "Central governments or central banks", "Institutions" and "Retail" do not apply within the pbb Group.

For the IRBA exposure class "corporates" (including special-purpose financing), a PD rating system is used which is based on a statistical model core supplemented by expert model components in the risk classification. Following the initial rating, a follow-up rating is carried out at least once a year. If material information affecting creditworthiness becomes available, a re-rating is carried out during the year. All input values relevant to the and the results of the ratings carried out are stored in

the data processing system, ensuring a complete rating history is available for every debtor or guarantor and every transaction subject to counterparty credit risk. The definition of a default used within the pbb Group complies with Article 178 of the CRR.

Rating systems

The pbb Group operates PD and LGD rating systems for its entire portfolio of commercial property financing, which are used, for example, in the internal capital adequacy assessment process (ICAAP) and in determining balance sheet risk provisions. By contrast, only the PD model mentioned above is used in the calculation of risk-weighted exposure amounts (RWA) (F-IRBA).

The internal estimates of the probability of default (PD) and the loss given default (LGD) are key parameters for risk management and credit decision-making. As part of the credit approval process, risk and capital costs are determined taking these risk parameters into account; these form the basis for risk-adjusted pricing and the credit approval decision.

Expected Loss (EL) classes are derived from the risk parameters PD and LGD, which form the basis for the authorisation hierarchy within the pbb Group in the context of credit approval and credit processing.

PD rating systems

The PD rating systems for commercial property financing are based on logistic regression models, which have been developed and calibrated using historical internal borrower data (default information and qualitative and quantitative risk factors) as well as expert assessments. The calibration is based on data covering a period of well over 10 years. The risk factors are weighted and aggregated into a score, which is transformed into an individual probability of default. In addition to traditional metrics such as the ratio of the loan amount to the market value of a property or the debt service coverage ratio, the PD rating systems for commercial property financing generally take into account information about the debtor's property or property portfolio (e.g. quality of location, vacancy rates, regional information) and information about the borrower themselves (e.g. commercial/technical capabilities, information on the customer-bank relationship).

The pbb Group's PD rating systems take into account, to varying degrees, not only quantitative and qualitative risk factors but also so-called warning signals. Warning signals generally reflect rare events which, should they occur, would have a significant impact on the borrower's creditworthiness. Furthermore, the pbb Group's PD rating systems ensure that a debtor's PD cannot be better than the PD of the country relevant to the debtor. This so-called sovereign ceiling ensures that additional risks attributable to the state, such as transfer risks, are taken into account when assigning a rating to a customer.

LGD rating systems

The pbb Group's LGD rating systems directly yield loss given default estimates as a percentage, which relate to the exposure at default (EAD).

The LGD rating system for commercial property financing is based on a regression model that takes into account regional, structural and financing-specific risk factors. Historical defaults from 2008 onwards are taken into account for the calibration of the model.

Functions and control mechanisms for IRBA rating systems

The Group Risk Committee (GRC) is responsible for the development and validation of the rating systems within the pbb Group. The GRC is a sub-committee of the Management Board and acts as the decision-making body for matters relating to risk methodology, risk parameterisation, risk monitoring and relevant guidelines.

The GRC commissions the development of new models or model enhancements, validation concepts and the execution of validations within the Financial Risk & Control (FRC) and Non-Financial Risk & Control (NFRC) divisions. Both divisions are independent of the business units responsible for initiating and concluding transactions. The credit risk monitoring unit, which is part of the FRC division, is responsible across the Group for the development, implementation, maintenance, monitoring and further development of all rating systems. The resulting findings are presented to the GRC and must be approved by the GRC.

All PD and LGD rating systems undergo an annual validation process carried out by the NFRC division. This involves reviewing, among other things, the calibration, discriminatory power and stability of the procedures, data quality and model design on the basis of statistical and qualitative analyses as well as user feedback.

In the case of the LGD rating system for real estate financing in Germany, the pbb Group also participates in pool validation at the level of the Association of German Pfandbrief Banks (VdP).

To check for completeness and to validate the data entered into the rating systems, there are technically embedded control mechanisms, such as approval in accordance with the dual-control principle.

Internal Audit, as a process-independent body, regularly reviews the adequacy of the internal rating systems, including compliance with the minimum requirements for the use of the rating systems and any procedural changes made.

Reporting on IRBA rating systems

All validation reports are presented to and approved by the Group Risk Committee (GRC).

Quantitative information on credit risk positions under the IRB approach

The following tables, EU CR6 and EU CR6-A, in accordance with Article 452(b) and (g) of the CRR, show the on-balance-sheet and off-balance-sheet credit risk exposures for the portfolios that fall within the scope of the IRB approach and have been rated using a supervisory-approved rating procedure. They show the key IRBA parameters that are decisive for the calculation of own funds requirements. Table EU CR6 is shown here only for the exposure classes relevant to the pbb Group. The IRBA exposure classes “central governments or central banks”, “institutions” and “retail” do not occur in the pbb Group.

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

Table EU CR8 in accordance with Article 438(h) of the CRR shows the changes in RWA in the fourth quarter of 2025 and the main reasons for these changes.

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

	a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB	**PD range [1]**	**On-balance-sheet exposures [2]**	**Off-balance-sheet exposures pre-CCF [3]**	**Exposure-weighted average CCF [4]**	**Exposure post-CCF and post-CRM [5]**	**Exposure-weighted average PD (%) [6]**	**Number of obligors**	**Exposure-weighted average LGD (%) [7]**	**Exposure-weighted average maturity (years)**	**Risk-weighted exposure amount after supporting factors [8]**	**Density of risk-weighted exposure amount (%) [9]**	**Expected loss amount**	**Value adjustments 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	61	-	-	61	1.31	1	20.00	3	28	44.97	-	-
	0.75 to <1.75	61	-	-	61	1.31	1	20.00	3	28	44.97	-	-
	1.75 to <2.5	-	-	-	-	-	-	-	-	-	-	-	-
	2.50 to <10.00	49	-	50.00	49	4.16	3	1.28	3	24	48.25	-	-
	2.5 to <5	49	-	50.00	49	4.16	3	1.28	3	24	48.25	-	-
	5 to <10	-	-	-	-	-	-	-	-	-	-	-	-
	10.00 to <100.00	21	-	-	21	10.19	1	20.00	3	18	86.41	-	-
	10 to <20	21	-	-	21	10.19	1	20.00	3	18	86.41	-	-
	20 to <30	-	-	-	-	-	-	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
	100.00 (Default)	43	-	-	43	100.00	1	28.33	3	-	-	12	-5
Subtotal		**174**	**0**	**50.00**	**174**	**27.43**	**6**	**16.75**	**3**	**69**	**39.73**	**13**	**-5**

F-IRB	a	b	c	d	e	f	g	h	i	j	k	l	m
	PD range [1)]	**On-balance-sheet exposures [2)]**	**Off-balance-sheet exposures pre-CCF [3)]**	**Exposure-weighted average CCF [4)]**	**Exposure post-CCF and post-CRM [5)]**	**Exposure-weighted average PD (%) [6)]**	**Number of obligors**	**Exposure-weighted average LGD (%) [7)]**	**Exposure-weighted average maturity (years)**	**Risk-weighted exposure amount after supporting factors [8)]**	**Density of risk-weighted exposure amount (%) [9]**	**Expected loss amount**	**Value adjustments and provisions**
All figures in € million, unless otherwise stated													
Corporates – Specialised lending [10)]	0.00 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.00 to <0.10	-	-	-	-	-	-	-	-	-	-	-	-
	0.10 to <0.15	-	-	-	-	-	-	-	-	-	-	-	-
	0.15 to <0.25	-	-	-	-	-	-	-	-	-	-	-	-
	0.25 to <0.50	150	-	-	150	0.41	5	20.00	3	38	25.19	-	-
	0.50 to <0.75	239	-	-	239	0.63	6	17.63	3	70	29.27	-	-
	0.75 to <2.50	3,996	28	40.09	4,007	1.78	71	23.54	3	2,047	51.08	17	-4
	0.75 to <1.75	1.815	28	40.09	1.826	1.26	37	23.36	3	825	45.20	5	-1
	1.75 to <2.5	2,181	-	-	2.181	2.22	34	23.68	3	1,222	56.01	12	-3
	2.50 to <10.00	12,415	728	40.67	12,659	4.65	231	25.47	3	8,946	70.67	156	-37
	2.5 to <5	8,578	539	40.73	8,785	3.82	160	25.82	3	5,868	66.79	89	-21
	5 to <10	3,837	189	40.52	3,874	6.53	71	24.67	3	3,078	79.46	68	-16
	10.00 to <100.00	1,035	42	40.00	1.052	15.21	32	27.28	3	1,069	101.69	44	-36
	10 to <20	965	40	40.00	981	13.55	28	27.32	3	971	99.05	37	-28
	20 to <30	9	1	40.00	9	22.43	3	26.57	3	10	110.39	1	-
	30.00 to <100.00	62	1	40.00	62	40.58	1	26.79	3	88	142.20	7	-8
	100.00 (Default)	1,769	52	40.00	1,790	100.00	30	29.31	3	-	-	524	-502
Subtotal		**19,604**	**849**	**40.58**	**19,896**	**13.13**	**375**	**25.38**	**3**	**12,170**	**61.17**	**742**	**-579**
Total (all exposure classes)		**19,778**	**850**	**40.58**	**20,070**	**———**	**380**	**———**	**3**	**12,239**	**60.98**	**755**	**-584**

[1)] PD ranges for the estimated probability of default (PD) without taking into account substitution effects arising from Credit risk mitigation techniques.
[2)] Gross carrying amount before deduction of impairment losses (but after write-downs) and before the application of Credit risk mitigation techniques.
[3)] Nominal value before deduction of provisions and before application of credit risk mitigation techniques and before credit conversion factors (CCF).
[4)] Risk-weighted average conversion factor for off-balance-sheet exposures, weighted by the off-balance-sheet exposure as per column (c).
[5)] IRBA exposure at default (EAD) after application of credit risk mitigation techniques and credit conversion factors (CCF), but before deduction of value adjustments/provisions.
[6)] Exposure-weighted average probability of default (PD), weighted by the exposure value in column (e).
[7)] Exposure-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 of the CRR.
[9)] RWA density (%): Calculated by dividing RWA (column j) by the respective EAD (column e).
[10)] Excluding special financing within the meaning of Article 153(4) of the CRR.

EU CR6-A: Extent of use of the IRB approach and Standardised approaches

All figures in € million, unless otherwise stated		a	b	c	d	e
		Total exposure value as defined in Article 166 CRR for exposures subject to IRB approach [1]	**Total exposure value for exposures subject to the Standardised approach and to the IRB approach** [2]	**Percentage of total exposure value subject to the permanent partial use of the SA (%)** [3]	**Percentage of total exposure value subject to IRB Approach (%)** [4]	**Percentage of total exposurevalue subject to a roll-out plan (%)** [5]
1	Central governments or central banks	-	6,685	100.00	-	-
2	Regional governments or local authorities	-	3,014	100.00	-	-
3	Public sector entities	-	1,321	100.00	-	-
4	Institutions	———	666	100.00	-	-
5	Corporates	20,122	29,460	31.70	68.30	-
5.1	thereof: Corporates - General	———	29,460	31.70	68.30	-
5.2	thereof: Corporates - Specialised lending	———	20,481	2.60	97.40	-
5.2.1	thereof: Corporates - Specialised lending, excluding slotting approach	———	20,481	2.60	97.40	-
5.2.2	thereof: Corporates - Specialised lending under slotting approach	———	-	-	-	-
5.3	thereof: Corporates - Purchased Receivables	———	-	-	-	-
6	Retail	-	-	-	-	-
6.1	thereof: Retail – Qualifying revolving	———	-	-	-	-
6.2	thereof: Retail – Secured by residential immovable property	———	-	-	-	-
6.3	thereof: Retail - Purchased Receivables	———	-	-	-	-
6.4	thereof: Retail - Other retail exposures	———	-	-	-	-
7	Equity	-	9	100.00	-	-
EU 7a	Collective investment undertakings (CIU)	-	30	100.00	-	-
8	Other non-credit obligation assets	-	196	100.00	-	-
9	**Total**	**20,122**	**41,380**	**51.37**	**48.63**	**-**

[1] IRBA exposure values (Exposure at Default, EAD) for exposures subject to the IRB approach.
[2] IRBA and KSA exposure values for determining the total exposure measure in accordance with Article 429(4) of the CRR for the calculation of the Leverage ratio.
[3] Proportion of exposures subject to the Standardised Approach (Partial Use pursuant to Article 150 CRR) of the total exposure value as per column (b).
[4] Proportion of risk positions subject to the IRB approach in the total risk position value as per column (b).
[5] Proportion of risk positions for which the IRB approach is to be phased in in accordance with Article 148 of the CRR, relative to the total value of risk positions as per column (b).
[6] The row headings in Table EU CR6-A have been amended in the English version of the Disclosure Report. The Disclosure Report as at 31 December 2025 published on the pbb website (www.pfandbriefbank.com) has been replaced accordingly.

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

	A-IRB	a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Total exposures [1]	Credit risk mitigation techniques [2]											Credit risk mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit protection (UFCP)			
			Proportion of exposures covered by financial collateral (%)	Proportion of exposures covered by other eligible collateral (%)	Proportion of exposures covered by immovable property collateral (%)	Proportion of exposures covered by receivables (%)	Proportion of exposures covered by other physical collateral (%)	Proportion of exposures covered by other funded credit protection (%)	Proportion of exposures covered by cash on deposit (%)	Proportion of exposures covered by life insurance policies (%)	Proportion of exposures covered by instruments held by a third party (%)	Proportion of exposures covered by guarantees (%)	Proportion of exposures covered by credit derivatives (%)	RWA without substitution effects (reduction effects only) [3]	RWA with substitution effects (both reduction and substitution effects) [4]
All figures in € million, unless otherwise stated															
1	Central governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional governments and local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Institutional	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Corporates	20,070	-	0.98	0.98	-	-	-	-	-	-	-	-	12,239	12,239
5.1	Corporates – General	174	-	0.63	0.63	-	-	-	-	-	-	-	-	69	69
5.2	Corporates – Specialised lending	19,896	-	0.98	0.98	-	-	-	-	-	-	-	-	12,170	12,170
5.3	Corporates - Purchased receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Total**	**20,070**	**-**	**0.98**	**0.98**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,239**	**12,239**

[1] Exposure at Default (EAD) based on Credit Conversion Factors (CCF), but excluding Credit risk mitigation techniques/substitution effects arising from a guarantee.
[2] The collateral reported in columns (b) to (l) shows the proportion of the total risk positions in column (a) that is secured by the respective collateral. The value of the collateral is limited to the value of the secured risk position.
[3] Risk-weighted IRBA exposure amounts (Risk-weighted Assets, RWA) by 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 (Risk-weighted Assets, RWA) by Credit risk mitigation techniques. The classification into an IRBA exposure class was based on the relevant exposure class of the collateral provider.

Credit risk exposures

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

For on-balance-sheet and off-balance-sheet IRBA credit risk positions, the EAD amounts to €20,070 million (30 June 2025: €22,668 million) and the RWA to €12,239 million (30 June 2025: €12,445 million and 30 September 2025: €12,258 million, respectively). The main reasons for the reduction in RWA in the fourth quarter of 2025 (€19 million compared with 30 September 2025) are shown in the following Table EU CR8.

The main differences between the aforementioned EAD (the exposure value under Article 166 of the CRR) and the exposure value under Article 429(4) of the CRR (for the calculation of the total exposure measure of the Leverage ratio) shown in EU CR6-A, column b, are:

- Under the F-IRBA, impairment losses on financial assets (Stages 1 to 3) and provisions for off-balance-sheet lending are not deducted from the carrying amount, but are instead taken into account in the comparison of impairment losses with expected losses (EL).
- Under the F-IRBA, a CCF of 40% is prescribed by regulatory requirements for the vast majority of products in the pbb portfolio, whilst the CCFs of the Standardised Approach (SA) are applied when calculating the Leverage ratio.

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

All figures in € million		a
		Risk-weighted exposure amount [1)]
1	**Risk-weighted exposure amount as at the end of the previous reporting period**	**12,258**
2	Asset size (+/-)	236
3	Asset quality (+/-)	-90
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	1.145
6	Acquisitions and disposals (+/-)	-1,126
7	Foreign exchange movements (+/-)	19
8	Other (+/-)	-204
9	**Risk-weighted exposure amount as at the end of the reporting period**	**12,239**

[1)] Risk-weighted IRBA exposure amounts (Risk-weighted Assets, RWA) after application of the SME support factor in accordance with Article 501 of the CRR, including the IRBA exposure classes “Equity” and “Other assets that are not credit obligations”.
Counterparty default risk exposures (derivatives and securities financing transactions), however, are not included in EU CR8.

Factors contributing to an increase in RWA under the IRB approach included new business in commercial property financing in the fourth quarter of 2025 (EU CR8, line 2), which exceeded repayments during this period, as well as currency effects (EU CR8, line 7), particularly in relation to the Swedish krona (SEK) and the British pound (GBP). Furthermore, changes in valuations in the so-called “hard test” in particular led to an increase in RWA (EU CR8, line 5), which are described in detail in the chapter “Own funds requirements and RWA”. A key driver of the RWA and capital burden resulted from the requirements applicable in both the F-IRBA and the Standardised Approach for determining the RWA of loans secured by real estate. Under certain conditions, these allow for a favourable risk weighting for such risk-weighted assets. Such a favourable treatment is possible, among other things, if the total loss rates in the relevant commercial property mar-

ket, as most recently published by the competent supervisory authorities ( ), fall below certain thresholds (the so-called "hard test").

The synthetic originator securitisation (Significant Risk Transfer, SRT) agreed in December 2025 as part of the withdrawal from the US business had a particularly adverse effect on RWA (EU CR8, line 6). The non-non-performing US portfolio underlying the risk transfer comprises mainly loans for office buildings. Other influencing factors (EU CR8, line 3) included declining market values of properties/rising loan-to-value (LTV) ratios, credit rating downgrades on loan exposures and newly defaulted exposures, as well as property financing in Germany and the US, which is assigned a 0% risk weight under the F-IRBA (Article 153(1)(ii) CRR).

RWA density

The average RWA concentration for the IRBA credit risk positions "Corporate – Specialised Financing" is 61.0% (30 June 2025: 54.9%). Risk weights are a key component in determining the risk-weighted exposure amounts to be underwritten with own funds; RWA is calculated by multiplying the risk weight by the exposure at default (EAD).

PD

The probability of default (PD) indicates the probability that a borrower/counterparty will be unable to service their loan in accordance with the contract over the course of a year (irrespective of the amount of the receivable and the collateral provided). The PD for the IRBA credit risk positions "Corporate – Specialised Financing" averages 13.1% (30 June 2025: 11.2%).

LGD

Loss Given Default (LGD) indicates the expected loss ratio that an institution will incur in the event of a customer's default. For the IRBA credit risk positions "Corporate – Specialised Financing", this averages 25.4% (30 June 2025: 23.4%). The LGD is calculated using an internal model, which is not, however, applied in the Pillar 1 calculation, as the pbb portfolio is not subject to the Advanced IRB approach (A-IRBA).

CCF

The undrawn IRBA credit commitments for "Corporate – Specialised Financing" (before CCF) total €849 million (30 June 2025: €556 million). The average CCF, which indicates the expected utilisation of an undrawn facility within one year prior to a potential default, is 40% (30 June 2025: 40%). Under the F-IRBA, a CCF of 40% is required by regulatory standards for the vast majority of products in the pbb portfolio.

Backtesting of IRBA parameters

Table EU CR9 in accordance with Article 452(h) of the CRR shows a comparison of PD estimates and the actual default rate, broken down by IRBA exposure classes. This is based on all IRBA models used within the pbb Group.

Disclosure of Table EU CR9.1 "IRB approach: PD back-testing by exposure class (only for PD estimates pursuant to Article 180(1)(f) CRR)" is not relevant for the pbb Group. As at the disclosure date, the pbb Group does not use so-called "shadow ratings" for its internal PD estimates of IRBA risk positions, which replicate the credit ratings of external rating agencies or comparable institutions.

EU CR9: IRB approach – PD lookbacks by exposure class (fixed PD scale)

All figures in € million, unless otherwise stated

a	b	c	d	e	f	g	h
F-IRB	PD range [1]	Number of obligors at the end of the previous year [2]	of which: number of obligors that defaulted in the year 3)	Observed average default rate (%) [4]	Exposures weighted average PD (%) [5]	Average PD (%) [6]	Average historical annual default rate (%) [7]
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	2	-	-	1.31	1.26	-
	0.75 to <1.75	1	-	-	1.31	1.26	-
	1.75 to <2.5	-	-	-	-	-	-
	2.50 to <10.00	8	-	-	4.16	3.43	-
	2.5 to <5	4	-	-	4.16	3.43	-
	5 to <10	-	-	-	-	-	-
	10.00 to <100.00	-	-	-	10.19	-	-
	10 to <20	-	-	-	10.19	-	-
	20 to <30	-	-	-	-	-	-
	30.00 to <100.00	-	-	-	-	-	-
	100.00 (Default)	-	-	-	100.00	-	-

a	b	c	d	e	f	g	h
F-IRB	PD range [1]	Number of obligors at the end of the previous year [2]	of which: number of obligors that defaulted in the year 3)	Observed average default rate (%) [4]	Exposures weighted average PD (%) [5]	Average PD (%) [6]	Average historical annual default rate (%) [7]
Corporates – Specialised lending	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	11	-	-	0.41	0.39	0.62
	0.50 to < 0.75	12	-	-	0.63	0.63	-
	0.75 to < 2.50	224	-	-	1.78	1.66	1.48
	0.75 to < 1.75	62	-	-	1.26	1.32	1.18
	1.75 to < 2.5	50	-	-	2.22	2.09	2.68
	2.50 to < 10.00	386	12	3.11	4.65	4.42	5.24
	2.5 to < 5	143	1	0.70	3.82	3.53	5.22
	5 to < 10	50	5	10.00	6.53	6.97	5.75
	10.00 to < 100.00	26	2	7.69	15.21	14.51	10.78
	10 to < 20	11	1	9.09	13.55	12.48	11.15
	20 to < 30	2	-	-	22.43	25.69	10.00
	30.00 to < 100.00	-	-	-	40.58	-	-
	100.00 (default)	27	-	-	100.00	100.00	-

All figures in € million, unless otherwise stated

a	b	c	d	e	f	g	h
F-IRB	PD range [1]	Number of obligors at the end of the previous year [2]	of which: number of obligors that defaulted in the year 3)	Observed average default rate (%) [4]	Exposures weighted average PD (%) [5]	Average PD (%) [6]	Average historical annual default rate (%) [7]
Corporates - Total	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	12	-	-	-	0.40	0.34
	0.50 to < 0.75	12	-	-	-	0.63	-
	0.75 to < 2.50	228	-	-	-	1.67	1.24
	0.75 to < 1.75	63	-	-	-	1.32	0.97
	1.75 to < 2.5	51	-	-	-	2.10	2.55
	2.50 to < 10.00	398	12	3.02	-	4.40	5.07
	2.5 to < 5	148	1	0.68	-	3.52	4.98
	5 to < 10	51	5	9.80	-	6.96	5.66
	10.00 to < 100.00	26	2	7.69	-	14.51	11.73
	10 to < 20	11	1	9.09	-	12.48	11.98
	20 to < 30	2	-	-	-	25.69	10.00
	30.00 to < 100.00	-	-	-	-	-	-
	100.00 (default)	27	-	-	-	100.00	-

[1] PD ranges for the estimated probability of default (PD) of each obligor in this exposure class at the start of the disclosure period, without taking into account substitution effects arising from Credit risk mitigation techniques.
[2] Number of obligors at the end of the previous year, i.e. at the start of the disclosure period.
[3] Number of obligors that defaulted during the year (i.e. in the year preceding the date of disclosure) in accordance with Article 178 of the CRR.
[4] Arithmetic mean of the observed one-year default rate within the meaning of Article 4(1)(78) of the CRR, relative to non-defaulting obligors at the start of the one-year observation period.
[5] Exposure-weighted average probability of default (PD), weighted by the exposure at default (EAD) in accordance with EU CR6 (column e) at the start of the disclosure period.
[6] Debtor-weighted average probability of default (PD), weighted by the number of debtors (EU CR9, column c) at the start of the disclosure period.
[7] The simple average of the annual default rates over the last five years.

The 2025 financial year recorded 14 borrower defaults. Due to the sometimes low number of cases (particularly regarding defaults in recent years) and the calibration of the rating models to long-term average default rates, the average historical default rate may differ from the forecast average PD. The IRBA exposure classes ‘central governments or central banks’, ‘institutions’ and ‘retail’ do not apply to the pbb Group.

Counterparty credit risk

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

Counterparty credit risk (CCR) refers to the risk of a counterparty defaulting in the context of a derivative or securities financing transaction prior to 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 the derivatives business are primarily OECD credit institutions or Eurex Clearing. In addition, the pbb Group provides derivatives to clients so that they, in turn, can specifically hedge the market risks of commercial property financing, for example.

Securities financing transactions

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

Qualified central counterparty

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

Capital adequacy treatment

Derivatives

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

Securities financing transactions

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

Qualified central counterparty

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

Quantitative information on Counterparty credit risk

The following tables EU CCR1, EU CCR3, EU CCR4, EU CCR5 and EU CCR8 show the pbb Group's counterparty credit risk positions as at the disclosure date of 31 December 2025.

Table EU CCR6 “Exposures in credit derivatives” in accordance with Article 439(j) of the CRR is not relevant to the pbb Group. The pbb Group has not entered into any hedging transactions involving credit derivatives (purchased or sold credit protection), neither as a hedging party nor as a counterparty.

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

Counterparty default risk positions

The exposure values based on Exposure at Default (EAD) for Counterparty credit risk – excluding initial margin payments and contributions to the default fund – amount to €297 million (30 June 2025: €467 million), of which €88 million (30 June 2025: €163 million) relates to receivables from the central counterparty Eurex Clearing.

The decrease in EAD (€170 million compared with 30 June 2025) results both from the reduction in the volume of securities financing transactions (€104 million compared with 30) and the reduction in the volume of derivatives (€66 million compared with 30 June 2025).

Of the total €297 million in EAD, €241 million relates to exposures treated under the Standardised Approach (SA) and €56 million to exposures under the IRB approach (F-IRBA). Under the Standardised Approach, the exposure values to Eurex Clearing are reported (exposure class “Institutions”).

The risk positions for contributions to Eurex Clearing's Default Fund amount to €15 million (30 June 2025: €12 million). The Default Fund serves to cover losses that may arise from the default of one or more clearing members and which exceed the losses covered by initial margin requirements.

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

EU CCR1: Analysis of the CCR risk position using the ‘ ’ 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 to calculate the regulatory exposure value**	**Exposure value pre-CRM** [7]	**Exposure value post-CRM** [8]	**Exposure value** [9]	**RWA** [10]
EU-1	EU – Original Exposure Method (for derivatives)	-	-	——	1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-	——	1.4	-	-	-	-
1	SA-CCR (for derivatives) [1] [2]	119	207	——	1.4	358	209	209	115
2	IMM (for derivatives and SFTs)	——	——	-	-	-	-	-	-
2a	of which: securities financing transaction netting sets	——	——	-	——	-	-	-	-
2b	of which: derivatives and long settlement transactions netting sets	——	——	-	——	-	-	-	-
2c	of which: from contractual cross-product netting sets	——	——	-	——	-	-	-	-
3	Financial collateral simple method (for SFTs)	——	——	——	——	-	-	-	-
4	Financial collateral comprehensive method (for SFTs) [3]	——	——	——	——	-	-	-	-
5	VaR for SFTs	——	——	——	——	-	-	-	-
6	**Total**	——	——	——	——	**358**	**209**	**209**	**115**

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

Table EU CCR8 shows the exposures to central counterparties in accordance with Article 439(i) of the 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)**	**———**	**5**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	88	2
3	(i) OTC derivatives	20	0.0
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	68	1
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin [3]	-	———
8	Non-segregated initial margin [4]	-	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	15	3
11	**Exposures to non-QCCPs (total)**	**———**	**0**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	———
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

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

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

		a	b	c	d	e	f	g	h	i	j	k	l
	Exposure classes	**Risk weight**											**Total exposure value [1)]**
All figures in € million, unless otherwise stated		**0%**	**2%**	**4%**	**10%**	**20%**	**50%**	**70%**	**75%**	**100%**	**150%**	**Others**	
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	1	-	-	-	-	-	-	-	-	-	-	1
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutional	-	88	-	-	17	-	-	-	-	3	127	234
7	Corporates	-	-	-	-	-	-	-	-	6	-	-	6
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit rating	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total exposure value**	**1**	**88**	**0**	**0**	**17**	**0**	**0**	**0**	**6**	**3**	**127**	**241**

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

Table EU CCR4 shows the Counterparty credit risk under the IRB approach by exposure class and PD scale in accordance with Articles 439(l) and 452(g) of the CRR. The table is presented only for the exposure class 'Corporate – Specialised Financing'. No counterparty default risk positions are allocated 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
	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]
All figures in € million, unless otherwise stated									
1	**Corporates – Specialised Lending**	0.00 to <0.15	-	-	-	-	-	-	-
2		0.15 to <0.25	-	-	-	-	-	-	-
3		0.25 to <0.50	0.1	0.40	2	40.00	3	0.1	53.05
4		0.50 to <0.75	0.1	0.67	1	40.00	3	0.1	70.06
5		0.75 to <2.50	8	2.01	19	40.00	3	7	96.52
6		2.50 to <10.00	48	4.86	69	40.00	2	56	116.19
7		10.00 to <100.00	-	-	-	-	-	-	-
8		100.00 (Default)	-	-	-	-	-	-	-
	Sub-total		**56**	**4.46**	**91**	**40.00**	**2**	**63**	**113.27**
Total (all CCR-relevant risk position classes)			**56**	**4.46**	**91**	**40.00**	**2**	**63**	**113.27**

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

Table EU CCR5 shows the collateral received and posted for Counterparty credit risk, broken down by derivatives and securities financing transactions, in accordance with Article 439(e) of the CRR. Further information on the collateral used is described in the section ‘Mitigation of Counterparty credit risk and collateralisation’.

EU CCR5: Composition of collateral for CCR risk positions

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Type of collateral	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
All figures in € million		Segregated [1]	Unsegregated [2]	Segregated [1]	Unsegregated [2]	Segregated [1]	Unsegregated [2]	Segregated [1]	Unsegregated [2]
1	Cash – domestic currency	-	63	-	710	-	-	-	-
2	Cash – other currencies	-	47	-	-	-	-	-	-
3	Domestic sovereign debt	-	-	-	-	-	-	-	-
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	-	-	-
7	Equity securities	-	-	-	-	-	-	-	-
8	Other collateral	-	-	-	-	-	-	-	-
9	**Total**	**0**	**110**	**0**	**710**	**0**	**0**	**0**	**0**

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

Internal capital allocation and limits for counterparty default risk positions

The capital allocation and limits for counterparty default risks (including those arising from Eurex Clearing, the central clearing house used by pbb) – in accordance with Article 439(a) of the CRR – are embedded within the generally applicable allocation and limit-setting process for credit risks within the pbb Group. There is no separate capital allocation and limit setting for counterparty default risks arising from derivative or securities financing transactions within the pbb Group. The setting of limits is primarily based on the creditworthiness of the counterparties, with the rating procedures used playing a decisive role in determining this. For details on capital allocation across risk categories, please refer to the section on ICAAP and risk-bearing capacity (see the section "Economic Capital and Risk-Bearing Capacity (ICAAP)"). In all other respects, the methods of regulatory large exposure management apply. Financial Risk & Control (FRC) monitors the utilisation of counterparty limits on a daily basis.

Correlation risk

The requirement under Article 439(c) of the CRR regarding a description of the rules relating to correlation risks is not relevant to the pbb Group. The pbb Group does not trade in products whose underlying asset correlates directly with the counterparty's probability of default.

Mitigation of counterparty default risk and collateral

The following sections describe, in accordance with Article 439(b) of the CRR, the measures taken to mitigate counterparty default risk and the rules governing collateralisation. The pbb Group applies the regulatory provisions on off-balance-sheet netting to both derivative financial instruments and securities financing transactions (securities repurchase agreements/securities lending transactions), provided that the contractual arrangements meet the requirements for risk-mitigating recognition under Article 296 of the CRR or Article 206 of the CRR. The pbb Group uses standard market master agreements, including the relevant collateral agreements.

Netting agreements

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

Such risk-reducing techniques are used for both regulatory reporting and the internal measurement and monitoring of credit exposures only if they are considered enforceable under the relevant legal system in the event of the counterparty's insolvency. Legal opinions are used to assess validity and enforceability.

The national and international contracts used for derivatives, securities repurchase and securities lending transactions are the German Master Agreement for Financial Forward Transactions (DRV) under German law, the ISDA Master Agreement of the International Swaps and Derivatives Association (ISDA), the Global Master Repurchase Agreement (GMRA), the German Master Agreement for Securities Repurchase Transactions (DRV), the Framework Agreement for Financial Transactions/European Master Agreement (EMA), the German Framework Agreement for Securities Lending (DRV) and the Global Master Securities Lending Agreement (GMSLA).

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

Collateral agreements

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

Financial collateral, predominantly cash collateral but in some cases also securities, is accepted as collateral in the context of derivatives and securities repurchase/securities lending transactions. Collateral is generally provided by way of full title transfer; in the case of securities, this may also be by way of pledge. pbb generally provides or receives cash collateral in euros. The collateral received is documented in the system. The validity and enforceability of the collateral is also verified on the basis of legal opinions.

The current margin requirement is calculated daily as part of mark-to-market valuations and agreed with the counterparties. Where threshold amounts have been agreed, collateral is only requested once the threshold applicable to the respective counterparty has been reached. Where minimum transfer amounts have been agreed, the procedure is the same as for threshold amounts. A payment request (call) is only issued once the relevant minimum transfer amount has been reached or exceeded. In the event of changes in the mark-to-market valuation falling below this threshold, no payment request is issued in order to keep settlement costs to a minimum. Incoming payments are monitored and, where necessary, the counterparty is sent a reminder.

A collateral agreement is also in place for the central counterparty Eurex Clearing. Collateral for both derivatives and securities financing transactions consists primarily of securities that have been made available specifically for Eurex Clearing in a securities portfolio. However, cash collateral is also possible.

Rating-dependent collateral agreements

As at the disclosure date, the pbb Group had not entered into any rating-dependent collateral agreements (Collateral Service Agreements, CSA) with any counterparty that would provide for a reduction in the minimum transfer amount in the event of a downgrade of pbb's credit rating. The amount of collateral that pbb would have to top up in the event of a downgrade of its credit rating is therefore €0 million (31 December 2024: €0 million). In general, the extent of the adjustment is regulated with the counterparty in the collateral agreement. Nor do the collateral agreements currently provide for threshold amounts, under which pbb would have to provide a correspondingly larger collateral contribution in the event of an adjustment to the threshold amount.

In the event of a change to the minimum transfer amount, there is a postponement of cash flows rather than additional payments. This is because, unlike the threshold amount, the minimum transfer amount does not constitute an additional security deposit, but instead determines the threshold above which payments are required. If the minimum transfer amount decreases, payments must therefore be made from a lower threshold; however, this has no impact on the security contribution, but only on the level at which changes in value in the CSA portfolio are offset. With a lower minimum transfer amount, changes in value are thus offset earlier.

The non-rating-dependent minimum transfer amounts agreed in the collateral agreements amounted to €16 million as at 31 December 2025 (31 December 2024: €16 million).

The following table shows the senior unsecured ratings commissioned by pbb as at the disclosure date.

Senior Unsecured Ratings (EU CCRA)

Deutsche Pfandbriefbank AG		Standard & Poor's
	Long-term issuer rating / outlook	BBB- / Negative
	Short-term issuer rating	A-3
	Long-term “preferred” senior unsecured debt rating [1]	BBB-
	Long-term “non-preferred” senior unsecured debt rating [2]	BB-

[1] “Senior Unsecured Debt”.
[2] “Senior Subordinated Debt”.

Rating agencies may change or withdraw ratings at any time. The rating of an individual security issued by pbb may differ from the ratings listed above or may not carry a rating at all. The applicable criteria and explanations provided by the rating agencies should be consulted when assessing and using the ratings. Their terms of use must be observed. Ratings should not be used as a substitute for one’s own analysis. They do not constitute a recommendation to buy, sell or hold pbb securities.

Provision of credit reserves

The following explanations describe the requirements for the creation of credit provisions (credit risk provisions) for derivatives and securities financing transactions in accordance with Article 439(b) of the CRR.

Derivatives

Under IFRS 9, derivatives must be measured at fair value through profit or loss, unless they are used as hedging instruments within the framework of cash flow hedge accounting. For such financial assets, where subsequent measurement is at fair value through profit or loss, a fair value adjustment is implied. This means that value adjustments resulting from counterparty default risk are directly reflected in the determination of fair value. The maximum default risk for derivative assets measured at fair value through profit or loss is reflected in the fair value.

The positive/negative market values of stand-alone derivatives are reported in the balance sheet under “Financial assets at fair value through profit or loss” or “Financial liabilities at fair value through profit or loss”. Changes in fair value within a period are recognised in profit or loss under the item “Net gain/loss on financial instruments at fair value through profit or loss” (fair value measurement result) in the income statement.

The positive/negative market values of the hedging derivatives are recognised under the balance sheet items “Positive fair values of hedging derivatives” and “Negative fair values of hedging derivatives” respectively. Hedging derivatives comprise the fair values of the derivatives used as hedging instruments in hedge accounting. As the pbb Group no longer designates any derivatives for cash flow hedge accounting, only derivatives from micro fair value hedge accounting or portfolio hedges to hedge interest rate risks and, to a limited extent, currency risks are included. These are measured at fair value. Changes in fair value within a period are recognised in profit or loss under the item ‘Gains and losses on hedging relationships’ in the income statement.

Securities financing transactions

For securities financing transactions (securities repurchase agreements/securities lending transactions), the general provisions and regulations on credit risk adjustments or impairment under IFRS 9 described in the chapter “Credit risk”, section “Credit risk adjustments”, apply. These regulations are relevant, among other things, to financial assets measured at “amortised cost” or “at fair value through other comprehensive income”.

CVA risk

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

Methodology for CVA risk

CVA and DVA

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

CVA charge

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

Procedures for identifying, measuring, hedging and monitoring CVA risk

For CVA risk, the pbb Group generally applies the same methods and processes as for credit risk (Counterparty credit risk), which are described in the section 'Management of credit risk (including Counterparty credit risk)'.

Procedures for capital adequacy

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

Quantitative information on CVA risk

Table EU CVA1 in accordance with Article 445a(3) of the CRR shows the own funds requirements for CVA risk under the reduced basic approach (R-BA).

The tables EU CVA2 (full basis approach, F-BA), EU CVA3 and EU CVA4 (both standardised approach, SA) are not relevant to the pbb Group.

EU CVA 1: Risk of a credit rating adjustment under the reduced basic approach (R-BA)

All figures in € million		a	b
		Components of Own Funds Requirements	Own funds requirements
1	Aggregation of systematic components of CVA risk	336	———
2	Aggregation of idiosyncratic components of CVA risk	104	———
3	**Total**	———	**10**

The risk-weighted exposure amounts (RWA) for CVA risk amounted to €124 million as at the reporting date (31 December 2024: €131 million, calculated in accordance with the standardised approach under Article 384 of CRR II) and the own funds requirements at €10 million (31 December 2024: €10 million). The slight reduction in RWA results from changes in EAD and maturity in the derivative transactions.

Securitisations

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

Description of securitisation activities

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

Originator

On 23 December 2025, the pbb Group, acting as originator, carried out a synthetic on-balance sheet Securitisation for the purpose of a Significant Risk Transfer (SRT). The aim of the transaction was capital and risk management, but also, to a significant extent, the strategic withdrawal from the US business. The transaction was based on 26 commercial real estate loans granted by pbb, primarily in the office segment, in the USA. The reference portfolio amounted to USD 2.1 billion; after deducting a 5% pari passu retention, pbb retained a first-loss piece and insured a USD 321 million mezzanine tranche by way of a cash-secured credit-linked note. The remaining senior tranche continues to be held on pbb's balance sheet. As part of its ongoing capital and risk management, pbb will continue to examine options for Securitisations of the bank's own receivables.

Types of risk arising for institutions from their securitisation activities

Credit risk

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

Market risk and liquidity risk

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

Operational risk

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

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

Regulatory approach to calculating risk-weighted exposure amounts

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

Designated credit rating agencies

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

Internal Assessment Approach (IAA)

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

Securitisation special purpose vehicles and legal entities

Securitisation special purpose entities and legal entities

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

Entities affiliated with the institution that invest in Securitisations

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

Summary of accounting policies for securitisation activities

Originator

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

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

Under IFRS, the securitised portfolio is not generally derecognised in the case of synthetic securitisations. The securitisations may not be derecognised, as the derecognition criteria under IFRS 9 are not met. The underlying receivables continue to be classified in their assigned IFRS category and are therefore recognised in the pbb Group's financial statements. The

recognition and measurement of these receivables continue to be carried out in accordance with the rules of this IFRS category.

Quantitative disclosures on securitisation positions

The following tables EU SEC1, EU SEC3 and EU SEC5 show the pbb Group's securitisation risk positions as at the disclosure date of 31 December 2025.

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

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

Securitisation risk positions

The carrying amount of the originator securitisation positions (the securitised exposures) as at the reporting date is €1,710 million (30 June 2025: €0 million). The exposure value based on the Exposure at Default (EAD) for these securitisation positions amounts to €1,386 million (30 June 2025: €0 million), after taking into account eligible collateral. The securitisations are classified neither as defaulted (Article 178 CRR) nor as impaired (Stage 3 impairment).

The risk-weighted exposure amounts (RWA) for the originator securitisation positions amount to €209 million and the minimum own funds requirements to €17 million (SEC-IRBA).

EU SEC1: Securitisation positions in the banking book

All figures in € million		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
1	**Total exposures**	**0**	**0**	**0**	**0**	**1,710**	**1,710**	**1,710**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2	Retail (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	1,710	1,710	1,710	-	-	-	-	-	-	-	-
8	Loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Commercial mortgage	-	-	-	-	1,710	1,710	1,710	-	-	-	-	-	-	-	-
10	Leases and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[1] "STS": 'Simple, Transparent and Standardised Securitisations' in accordance with Article 18 et seq. of the Securitisation Regulation.
[2] "SRT": Securitisation positions where the originator has transferred significant Credit risk to third parties (Articles 244 and 245 of the CRR).

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

		a	b	c	d	e	f	g	h	i
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
All figures in € million		<= 20% RW	> 20% to 50% RW	> 50% to 100% RW	> 100% to < 1,250% RW	1,250% RW/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1.250% RW/deductions
1	**Total exposures**	**1,386**	**0**	**0**	**0**	**0**	**1,386**	**0**	**0**	**0**
2	Traditional transactions	-	-	-	-	-	-	-	-	-
3	Securitisation	-	-	-	-	-	-	-	-	-
4	Retail	-	-	-	-	-	-	-	-	-
5	of which STS	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-
7	of which STS	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	1,386	-	-	-	-	1,386	-	-	-
10	Securitisation	1,386	-	-	-	-	1,386	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-
12	Wholesale	1,386	-	-	-	-	1,386	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-

		j	k	l	m	n	o	EU-p	EU-q
		RWA (by regulatory approach)				Capital charge after cap			
All figures in € million		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1.250% RW/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1.250% RW/deductions
1	**Total exposures**	**209**	**0**	**0**	**0**	**17**	**0**	**0**	**0**
2	Traditional transactions	-	-	-	-	-	-	-	-
3	Securitisation	-	-	-	-	-	-	-	-
4	Retail	-	-	-	-	-	-	-	-
5	of which STS	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-
7	of which STS	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-
9	Synthetic transactions	209	-	-	-	17	-	-	-
10	Securitisation	209	-	-	-	17	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-
12	Wholesale	209	-	-	-	17	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-

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

		a	b	c
		Exposures securitised by the institution – institution acts as originator or as sponsor		
		Total outstanding nominal amount		**Total amount of specific credit risk adjustments made during the period [1)]**
All figures in € million			**of which exposures in default**	
1	**Total exposures**	**1,710**	**0**	**0**
2	Retail (total)	-	-	-
3	Residential mortgage	-	-	-
4	Credit card	-	-	-
5	Other retail exposures	-	-	-
6	Re-securitisation	-	-	-
7	Wholesale (total)	-	-	-
8	Loans to corporates	-	-	-
9	Commercial mortgage	1,710	-	-
10	Leases and receivables	-	-	-
11	Other wholesale	-	-	-
12	Re-securitisation	-	-	-

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

Shadow banking entities

A “Shadow banking entity” is, in accordance with Article 4(1)(155) of the CRR, an entity that carries out banking activities outside the regulatory framework.

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

Market risk

This chapter sets out the risk management objectives and risk management policies for the pbb Group's market risk (including interest rate risk in the banking book) in accordance with Article 435(1) of the CRR, as well as information on the determination of own funds requirements in accordance with Article 445 of the CRR and on interest rate risk in the banking book in accordance with Article 448 of the CRR. Disclosure in accordance with Article 455 of the CRR, 'Use of internal models for Market risk', is not relevant to the pbb Group.

Management of market risk

Definition

Market risk describes the risk of a loss in market value or a negative change in the periodic interest income due to fluctuations in the market prices of financial instruments. The pbb Group's transactions are primarily subject to the following types of market risk:

- General interest rate risk (risk arising from changes in general market interest rates)
- Basis risk (risk arising from changes in tenor basis spreads or cross-currency basis spreads)
- Volatility risk (risk arising from changes in implied volatilities)
- Credit spread risk (risk arising from changes in credit spreads)
- Foreign exchange risk (risk arising from changes in foreign exchange rates)
- Concentration risk (risk arising from a one-sided portfolio composition).

Risk strategy

pbb adheres to the following fundamental principles regarding market risks from both a present value and a periodic perspective:

- Positions are managed by the Treasury department. Financial derivatives are used primarily for hedging purposes.
- Transactions may only be concluded in financial instruments that have successfully passed the new product process and for which market values can be observed or determined using a model.
- Risk measurement and monitoring of compliance with triggers and limits are carried out independently of trading activities. All positions taken are subject to daily sensitivity, value-at-risk and performance monitoring, independent of trading activities.
- There is a defined escalation process across all decision-making bodies up to the Executive Board.
- The identification, measurement, management and monitoring of interest rate risk in the banking book (IRRBB) are carried out both from a present value perspective and in relation to the periodic result. The present value perspective serves as the primary approach for operational interest rate risk management, which is supplemented by quarterly monitoring of interest rate risks in the periodic net interest income. Similarly, credit spread risks in the banking book (Credit Spread Risk in the Banking Book, CSRBB) are included in regular risk measurement, management and monitoring.

Organisation

The present value monitoring of positions with regard to market risks is carried out by the Financial Risk & Control (FR&C) division, which is organisationally separated from trading right up to the level of the Executive Board; the monitoring of periodic interest rate risk is carried out by the Finance division.

Risk reporting

FR&C prepares detailed daily market risk reports for management and operational control. The daily market risk report is addressed in particular to the Board of Management and includes, amongst other things:

- Market risk Value-at-Risk (VaR) and utilisation of VaR limits for total market risk
- CSRBB and IRRBB (as well as their components: general interest rate risk, basis risk and option/volatility risk)
- Sensitivities of market risk factors at various levels of detail, as well as the monitoring of sensitivity triggers and
- a presentation of economic performance measurement and the decomposition of economic performance by individual risk factors.

For the monitoring of periodic interest rate risk, changes in the effects on profit or loss and in the effects in accumulated other comprehensive income (equity) are reported on a quarterly basis under specified interest rate scenarios and a dynamic balance sheet.

Risk quantification – market risk measurement and market risk limitation

Market risk Value-at-Risk

FR&C calculates the market risk VaR daily at the overall and sub-portfolio levels using a historical simulation model. All positions subject to market risk are included in the VaR calculation. As at the reporting date, the key parameters of the market risk VaR model can be summarised as follows:

- The simulation model is based on one year's worth of historical market data, which is incorporated into the simulation on an equal-weighted basis.
- The individual market risk types are aggregated into a total VaR, which forms the basis for limit monitoring.
- For daily operational risk management, the Market risk VaR is based on a one-day holding period and a 99% confidence interval.

At the end of December 2025, the market risk VaR, taking into account diversification effects between the individual market risk types, amounted to €19 million (end of 2024: also €19 million). The corresponding VaR limit for total Market risk remained at €50 million throughout 2025 (as at year-end 2024: also €50 million). There were no instances of the VaR limit being exceeded during the reporting period.

Interest rate risk in the banking book (IRRBB)

The consolidated IRRBB VaR for all risk categories of interest rate risk in the banking book (general interest rate risk, tenor basis spread risk, cross-currency basis spread risk, option risk and volatility risk) amounted to €9 million at the end of 2025 (comparative figure at the end of December 2024: €13 million). The change in IRRBB VaR was mainly caused by a decline in general interest rate risk. In addition to the Market risk VaR limit, daily limit monitoring is carried out for the IRRBB VaR (limit at the end of December 2025: €30 million).

General interest rate risk

The overall interest rate risk, or gap risk, stood at €9 million at the end of December 2025. The decrease compared with the figure of €13 million at the end of 2024 is primarily due to a reduction in interest rate sensitivity over the course of the year.

Basis risks

Basis risks refer to tenor basis spread and cross-currency basis spread risks. As at the reporting date, tenor basis spread risks of €2 million and cross-currency basis spread risks of €1 million were reported (previous year's figures: €1 million in tenor basis spread risk and €1 million in cross-currency basis spread risk).

Volatility risks

Volatility risks amounted to €0.1 million as at the end of December 2025 (end of 2024: €0.3 million).

Credit Spread Risk in the Investment Book (CSRBB in accordance with EBA/GL/2022/14)

In accordance with the guidelines on the management of interest rate risks and credit spread risks in investment book transactions (EBA/GL/2022/14), the definition of the CSRBB at pbb encompasses all financial instruments whose pricing depends on credit spreads observable in the market. The scope of transactions in the CSRBB thus covers almost all of pbb's assets and liabilities. With regard to the credit spreads to be applied, pbb calculates the CSRBB-VaR in accordance with the Guideline using risk factors defined without idiosyncratic components. As at the end of December 2025, this resulted in a CSRBB-VaR of €16 million (comparative figure at the end of 2024: €24 million). The decline is attributable in particular to reduced credit spread volatilities and a weakening of credit spread sensitivities on the asset side. The CSRBB VaR limit throughout 2025 was €120 million.

Other tools, such as sensitivity analyses and stress tests, complement the VaR assessment.

Sensitivity analyses

Overnight yield curves are used in the valuation relevant for sensitivity analysis. Sensitivity analyses are used to quantify the effect that a change in individual market parameters has on the value of the positions. For example, credit spread sensitivity provides information on the change in economic present value resulting from an isolated increase of one basis point in the credit spreads relevant to the valuation.

Stress tests

Whilst the VaR measurement reflects market risk under 'normal' market conditions and should not be understood as a measure of a potential maximum loss, internal economic stress scenarios illustrate market risk under adverse or even extreme economic conditions. Within the pbb Group, hypothetical and historical stress scenarios are calculated on a monthly and quarterly basis for key risk drivers. This involves determining the impact of severe to extreme changes in market data and in assumptions regarding customer behaviour on the economic present value.

In addition to the internal economic stress scenarios, external regulatory stress scenarios from the supervisory standard test (Supervisory Outlier Test in accordance with EBA/GL/2022/14) are calculated and analysed.

The Executive Board and the relevant committees are regularly informed of the results of the stress scenarios. In addition, as part of the management of interest rate risk in the investment book (including credit spread- e risks), changes in the present value of selected internal and external stress scenarios are monitored by means of specific limits or triggers.

Backtesting

The quality of the risk measurement methods used is continuously reviewed by comparing the one-day VaR with the actual daily changes in the present value of the portfolio on a daily basis. The traffic light system of the Basel Capital Accord is used to assess the quality of the risk model. In this process, backtesting outliers are counted over a period of 250 trading days. In the 250 trading days up to the end of 2025, one outlier was observed, caused by relatively sharp interest rate rises on 5 March 2025. The risk model therefore displays a green traffic light under the traffic light system of the Basel Capital Accord.

Periodic interest rate risks

pbb uses a dynamic model to measure and monitor periodic interest rate risks (Dynamic Earnings). This simulates changes in future profit and loss accounts and balance sheet developments that would arise under planned balance sheet development and given interest rate scenarios. The measurement and monitoring of periodic interest rate risks took place at the end of each quarter with a simulation horizon covering the following four quarters. Negative deviations from the benchmark were monitored with a trigger of €60 million for effects recognised in profit or loss and a trigger of €100 million for effects in accumulated other comprehensive income (equity). Neither trigger was exceeded during the reporting period.

Furthermore, the Static NII model is also used for the periodic view. This simulates changes in periodic net interest income that would arise with a constant balance sheet and under specified interest rate scenarios. The calculation is performed quarterly with a simulation horizon covering the following four quarters. The negative deviations from the Static NII benchmark represent the ∆risk measure.

Periodic credit spread risks

The periodic credit spread change risk in the internal model approach is measured using the Delta Dynamic Earnings (∆ Dynamic Earnings) and is subject to trigger monitoring. The calculation is based on a dynamic balance sheet. The triggers correspond to those of the dynamic interest rate change model. This means that a trigger of €60 million applies to the effects on profit or loss and a further trigger of €100 million applies to the effects on accumulated other comprehensive income (equity). Neither trigger was exceeded during the reporting period.

Economic market risk capital

Details of the calculation of economic capital from market risks, as well as the quantification of economic capital from market risks, are described in the chapter ‘Economic Capital and Risk-bearing Capacity (ICAAP)’.

Presentation of economic hedging relationships as accounting hedging relationships

Hedge accounting refers to the specific IFRS accounting provisions for hedging relationships, the aim of which is to largely offset the changes in value of the hedged underlying transactions and hedging instruments. For hedge relationships to be recognised in the balance sheet, the requirements of IFRS must be met. These requirements, such as those relating to the effectiveness of a hedge, do not always align with the methods used in bank management. Consequently, discrepancies may arise between economic and balance sheet hedge relationships.

Opportunities

As shown, the sensitivities result in a VaR, i.e. a potential future (economic) loss, in the event of an unfavourable market development. The same sensitivities can also lead to economic gains in the event of a favourable market development. For example, high credit spread sensitivities on the asset side, as described above, represent a risk. In the event of a reduction

in the relevant credit spreads, these credit spread sensitivities result in economic gains, which in turn represent an opportunity.

From an economic perspective, open interest rate risk positions may prove to be a neutral or even profit-enhancing component in the periodic interest rate risk, for example, fixed-rate loans on the assets side with medium or long maturities.

Own funds requirements for market risk

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

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

Quantitative information on market risk

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

As at the reporting date, RWA stood at €224 million (30 June 2025: €125 million). The €99 million increase in RWA in the second half of 2025 is primarily attributable to changes in credit spreads on the US dollar (USD), mainly in connection with property financing in the USA. The capital requirement for market risks as at the reporting date is €18 million (30 June 2025: €10 million).

EU MR1: Market risk under the standardised approach

All figures in € million		a **Risk-weighted assets (RWA)**	a **Minimum capital requirement**
	Outright products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	224	18
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus approach	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**Total**	**224**	**18**

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

[3] Disclosure of the new tables EU MR1 to EU MR3 introduced by CRR III in accordance with Articles 445 and 455 of the CRR in conjunction with Implementing Regulation (EU) 2024/3172 – by which Implementing Regulation (EU) 2021/637 was generally repealed 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) – is only required upon the introduction of the FRTB regulations.

Interest rate risk in the banking book

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

Notwithstanding the fact that no capital requirement is provided for, the pbb Group applies the same methods and processes to interest rate risk in the banking book as it does for market risk measurement, as described in the chapter 'Management of market risk'. As set out there, pbb takes into account not only present value interest rate risks but also periodic interest rate risks, and measures, manages and monitors these risks on a regular basis.

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

Risk metrics and risk reporting

Present value interest rate risk

Present value interest rate risks in the banking book comprise the risk relating to an institution's economic value arising from adverse interest rate movements affecting interest rate-sensitive instruments, including yield curve risk (gap risk), basis risk and option risk. These present value risks, measured in terms of sensitivities and Value at Risk (VaR) metrics, are determined on a daily basis by Financial Risk & Control (FRC) 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 pbb's Management Board. 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 position. The measurement considers changes in net interest income under the assumption of a constant balance sheet total (Delta Static Net Interest Income) in accordance with IFRS 9, resulting from changes in interest rates. The calculation is performed quarterly with a simulation horizon covering the following four quarters.

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

Information on models and parameters

Non-interest-bearing components of equity (liabilities side) are excluded in accordance with regulatory requirements (see EBA/GL/2022/14). However, investments of these funds (assets side) are included in the calculations of interest rate risk in the banking book.

Present value interest rate risk

In the present value calculation of regulatory shocks, risk-free yield curves based on currency-specific overnight index swap curves are used for discounting. Consequently, the cash flows of all financial instruments included in the interest rate risk in the banking book do not contain any customer-related margins. Furthermore, the present value analysis assumes a static balance sheet as at the reporting date (i.e. there are no assumptions regarding the reinvestment of maturing transactions or regarding new business). In contrast, assumptions are made regarding the cash flows of value adjustments recognised and their fixed-interest periods. Furthermore, specific assumptions apply regarding early loan repayments and the interest rate adjustment period for open-ended core deposits in the retail business. The average interest rate reset period allocated to these core deposits is approximately 0.85 years, whilst the longest interest rate reset period is 3.0 years. For the interest rate reset period of open-ended deposits outside the core deposits in the retail business, the contractual one-day (overnight) fixed-interest period applies.

Periodic interest rate risk

In the case of periodic interest rate risk in the banking book, assuming a constant balance sheet total, maturing transactions or amortising portions are replaced with equivalent new transactions. Under the constant balance sheet assumption (rollover assumptions), maturing or amortising portions of assets, liabilities and derivatives are rolled over with equivalent characteristics, particularly in terms of volume, currency, maturity, fixed interest rate and interest rate scenario-specific terms. Call money is used in accordance with its terms and rolled over on a rolling basis. Furthermore, the model book for early repayment behaviour implemented at pbb is also used for the internal method.

Risk management and mitigation strategy

To ensure sustainable management, the aim is to achieve stable profitability, provided that the (normative and economic) risk-bearing capacity is in place and specific risk limits and triggers are adhered to. The annual result is to be used to maintain or strengthen equity and to make an expected dividend payment. The range of fluctuation in the periodic profit and loss result due to interest rate and credit spread influences is also monitored and limited.

Long-term interest rate risks, excluding customer margins, are valued daily on a present value basis and managed as efficiently as possible through natural hedging (reduction of interest rate risks via offsetting underlying transactions without derivatives), portfolio hedging (portfolio fair value hedge accounting), micro hedges (micro fair value hedge accounting) and derivatives outside hedge accounting.

Quantitative disclosures on interest rate risk in the banking book

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

Present value interest rate risk

Overall, as at 31 December 2025, under the above-mentioned assumptions in accordance with Guidelines EBA/GL/2022/14, the pbb Group reports the largest potential negative change in present value from the interest rate shock scenario, which simulates a parallel upward shift in the yield curves. In this scenario, the present value loss in the investment book amounts to €160 million.

Periodic interest rate risk

With regard to periodic interest rate risk, a sudden parallel rise in yield curves would have a negative impact on the Delta Static NII. The change in the Delta Static NII amounts to a total of €-13 million as at 31 December 2025, in the event of a positive currency-specific parallel shift in the yield curves, to a total of €-13 million, or in the event of a negative currency-specific parallel shift – with a dynamic interest rate floor in accordance with EBA/GL/2022/14 – to €+20 million. The change compared with the previous reporting period is mainly attributable to the balance sheet structure and maturing business in conjunction with the Static NII method.

EU IRRBB1: Interest rate risk in the investment book

		a	b	c	d
	Supervisory shock scenarios	Changes in the economic value of equity [1]		Changes in net interest income [2]	
All figures in € million		31 December 2025	30 June 2025	31 December 2025	30 June 2025
1	Parallel up	-160	-126	-13	4
2	Parallel down	79	74	20	6
3	Steepener	17	7	-	-
4	Flattener	-69	-40	-	-
5	Short rate up	-110	-72	-	-
6	Short rate down	58	46	-	-

[1] ∆ EVE: A measure of changes in the present value of all interest-rate-sensitive instruments in the investment book resulting from sudden interest rate movements, assuming that all positions in the investment book expire without replacement.
[2] ∆ NII: The change in NII is an income-based measure and quantifies the change in net interest income resulting from a sudden interest rate movement over the subsequent 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

This section sets out the risk management objectives and risk management policy for the pbb Group's liquidity and funding risk in accordance with Articles 435(1) and 451a(1) and (4) of the CRR. It also contains information on the pbb Group's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in accordance with Article 451a(2) and (3) of the CRR.

Management of liquidity and funding risk

Definition

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

Liquidity and Valuation Process

In accordance with the Supervisory Review and Evaluation Process (SREP), pbb has carried out an ILAAP (Internal Liquidity Adequacy Assessment Process), which has been reviewed and approved by the Board of Management. The ILAAP is designed to ensure that all material liquidity and refinancing risks are identified, measured and monitored, and that measures can be taken in good time, if necessary, to avoid a liquidity shortfall.

Risk strategy

The Board of Directors determines the risk strategy and the risk appetite. The liquidity risk strategy is an integral part of the risk strategy and is divided into various components (different liquidity scenarios under given market and stress conditions). The aim is to ensure that both short-term and medium-term refinancing are monitored and managed by means of a limit system. The setting of limits forms part of the annual business planning process and is approved by the Board of Directors.

Organisation

Financial Risk & Control (FR&C) identifies, measures, reports on and monitors Liquidity risk. The management of this risk is the responsibility of the Treasury division, which is independent of FR&C. The processes and methods used are regularly reviewed by the Risk Committee and the Asset Liability Committee. Liquidity risk cannot be calculated and reported on a segment basis.

Risk reporting

Daily liquidity management reports are prepared and submitted to the entire Executive Board as well as, amongst others, to the Joint Supervisory Team (JST) of the ECB and the national supervisory authorities responsible for pbb. The reports contain the current daily liquidity situation as well as projections based on contractual cash flows and assumptions made regarding future events likely to influence the expected liquidity development.

Risk quantification – liquidity risk measurement and limitation

To manage liquidity risks, a system has been implemented to measure and limit short-term and medium-term deviations within cash flows. In addition to contractual cash flows, optional cash flows are also recorded. This data is regularly subjected to backtesting.

The liquidity position, which results from the liquidity reserve as well as contractual and optional cash flows, is measured across various scenarios. Different liquidity positions are calculated on a daily basis. The three liquidity positions assume:

- constant market and refinancing conditions (base scenario)
- Risk scenario (modified (historical) stress scenario) and
- Liquidity stress ((historical) stress scenario).

In the risk and (historical) stress scenarios, for example, potential customer behaviour in 'stress situations' is simulated. In doing so, 95% and 99% quantiles are calculated based on historical time series.

For liquidity risk, triggers (early warning indicators) were defined in the base scenario over a period of 24 months. The limits in the risk and (historical) stress scenarios apply over a period of six and three months respectively.

The limit system consists of:

- A limit on the liquidity stress profile (risk scenario and (historic) stress scenario) and
- triggers for the base scenario and the 6-month bucket of the (historical) stress scenario.

To supplement its reporting, the pbb Group uses regularly conducted stress tests to examine the impact of additional stress events on the liquidity position.

As part of the scenario analyses, the potential impacts of macroeconomic, monetary policy and political crises on the liquidity situation are simulated.

The scenarios are reported to the pbb Management Board as well as to external bodies, such as the ECB's JST responsible for pbb and the national supervisory authorities.

Risk monitoring and risk management

The monitoring of liquidity risks is ensured through daily reporting on the liquidity situation and a defined escalation process. In this context, a liquidity contingency plan has been adopted, which forms the technical and organisational framework for dealing with liquidity bottlenecks. The liquidity contingency plan is part of pbb's recovery plan and is updated at least annually.

Liquidity risk management is based on various interlinked components (daily and monthly liquidity reports) which are built upon a 'liquidity risk tolerance' defined by the Board of Management. This is intended to ensure that the pbb Group has sufficient liquidity reserves.

Risk hedging and risk mitigation

Liquidity risk is limited through a risk tolerance system. Risk tolerance is integrated into the liquidity management process via triggers (limit system) to ensure a "survival period" for the pbb Group in the event of stress.

The limits for risk tolerance are determined within the framework of stress scenarios and adjusted regularly.

Opportunities

The cumulative liquidity position in the base scenario, as set out in the following chapter “Development of liquidity risk”, section “Development of the pbb Group’s risk position”, generally opens up the opportunity to react flexibly, particularly with regard to potential new business.

Should the external factors mentioned in the chapter “Development of Liquidity Risk”, section “Forecast Liquidity Requirements” develop positively overall, this would in itself lead to lower future liquidity requirements .

Development of liquidity risk

Development of the pbb Group's risk position

The cumulative liquidity position (liquid assets and projected net cash flow) determined as part of the liquidity risk measurement as at 31 December 2025 in the base scenario amounted to €3.9 billion over a twelve-month horizon. Compared with the previous year, this represented a decrease of €0.2 billion over the corresponding period. As at 31 December 2025, the cumulative liquidity position in the risk scenario over the 6-month forecast period amounted to €1.4 billion (31 December 2024: €2.7 billion). The cumulative liquidity position in the stress scenario in the 6-month forecast stood at €0.5 billion as at 31 December 2025 (31 December 2024: €1.8 billion). This development is attributable to the scheduled reduction in excess liquidity due to maturing liabilities.

Regulatory liquidity coverage requirements

The Liquidity Coverage Ratio (LCR) is calculated as the ratio of the liquidity buffer ('liquid assets') to net liquidity outflows during a 30-day stress period. Regulatory liquidity reports must maintain a minimum LCR of 100%. The figures calculated were consistently well above 100% at all times in 2025. The liquidity coverage ratio as at 31 December 2025 stood at 379%.

Since 30 June 2021, a value of 100% has been required for the NSFR. The NSFR shows the ratio of available stable funding (ASF) to required stable funding (RSF) and is intended to ensure medium- and long-term structural liquidity. The figures calculated for 2025 were well above the statutory minimum ratio. The NSFR as at 31 December 2025 stood at 118%.

Further information on the LCR and NSFR can be found in the sections 'Liquidity coverage ratio' and 'Net stable funding ratio'.

Refinancing markets

For details regarding developments in the refinancing markets and changes in refinancing volumes during the reporting period, please refer to the comments in the pbb Group's 2025 Annual Report, under the 'Financial Position' section of the Financial Review.

Projected liquidity requirements

In addition to the projected liquidity requirements for new business activities, the level of future liquidity requirements remains dependent on a variety of external factors:

- Monetary policy response to inflation trends ("abrupt interest rate rises") as well as geopolitical risks and their potential impact on the real economy
- Possible effects of ESG factors on credit spreads and refinancing options
- Future development of haircuts on securities in repo financing on the market and with central banks
- Any additional collateral requirements due to changing market parameters (such as interest rates and foreign exchange rates)
- Developments in requirements for hedging transactions
- Changed requirements from rating agencies regarding the required excess coverage in cover pools
- Refinancing needs of property investors.

Refinancing risk

Refinancing risk, as part of business and strategic risk, is described in the chapter “Economic Capital and Risk-bearing Capacity (ICAAP)”.

Market liquidity risk

Quantitative information to facilitate a better assessment of market liquidity risk for financial instruments can be found in the presentation of the three levels of the fair value hierarchy in the pbb Group’s 2025 Annual Report, Note 75 “Fair Values of Financial Instruments”. For holdings measured at amortised cost, there is generally no intention to sell from a liquidity management perspective, as liquidity for these can predominantly be generated through inclusion in cover pools, central bank refinancing facilities or repo transactions. Market liquidity risk is taken into account in internal management within the framework of market risk.

Liquidity coverage ratio

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

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

Regulatory requirements stipulate that a minimum LCR of 100% must be maintained. The figures calculated for the pbb Group were consistently well above this minimum threshold at all times in the fourth quarter of 2025 and throughout the 2025 financial year. The LCR as at the reporting date of 31 December 2025 was 379% (30 September 2025: 209%).

Information on the Liquidity coverage ratio

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

The average LCR as at 31 December 2025 is 355% (EU LIQ1, row 23, column e). This is primarily attributable to the high liquidity reserve, consisting of highly liquid assets (HQLA). Changes in the liquidity reserve and in net liquidity outflows arise from the differing dynamics of new business in property financing and its refinancing.

Liquidity management within the pbb Group

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

Refinancing sources

The pbb Group utilises a broad spectrum of refinancing sources. In addition to deposits from retail and institutional customers, refinancing is achieved through the issuance of Pfandbriefe, 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 reporting date, liquidity reserves amounted to €3,621 million (average figure), consisting of highly liquid Level 1 assets. The liquidity buffer consists predominantly of liquid cash and Level 1 HQLA bonds. Level 1 includes withdrawable deposits with the Deutsche Bundesbank, debt securities issued by central governments, regional or local authorities, public bodies, multilateral development banks or international organisations, and credit institutions with state guarantees.

Liquidity outflows and inflows

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

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

Cash flows from derivative positions accounted for only a small proportion of total net cash flows in the fourth quarter of 2025. The pbb Group uses a historical look-back approach (HLBA) to calculate potential margin calls on derivatives; this involves analysing margin calls observed in the past and deriving a conservative estimate for potential future margin calls from this. On average, this figure stood at €445 million. No significant impact on the provision of collateral is expected from potential rating changes.

Significant currency

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

EU LIQ1: Quantitative disclosures on the LCR

		a	b	c	d	e	f	g	h
All figures in € million, unless otherwise stated		Total unweighted value (average) [1]				Total weighted value (average) [1]			
EU 1a	**Quarter ending on:**	**31 December 2025**	**30 September 2025**	**30 June 2025**	**31 March 2025**	**31 December 2025**	**30 September 2025**	**30 June 2025**	**31 March 2025**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)	———	———	———	———	**3,621**	**3,483**	**3,475**	**3,663**
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	910	935	959	965	215	223	230	228
3	Stable deposits	-	-	-	-	-	-	-	-
4	Less stable deposits	869	890	912	920	174	178	182	184
5	Unsecured wholesale funding	630	629	625	665	491	495	496	547
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	327	320	307	300	188	186	178	182
8	Unsecured debt	303	309	319	365	303	309	319	365
9	Secured wholesale funding	———	———	———	———	85	50	106	109
10	Additional requirements	445	457	465	457	445	457	465	457
11	Outflows related to derivative exposures and other collateral requirements	445	457	465	457	445	457	465	457
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-	-	-	-	-
14	Other contractual funding obligations	54	53	48	58	33	32	27	37
15	Other contingent funding obligations	1,346	1,311	1,345	1,540	446	420	367	398
16	**Total cash outflows**	———	———	———	———	**1,715**	**1,676**	**1,691**	**1,776**
Cash inflows									
17	Secured lending (e.g. reverse repos)	42	42	70	137	-	-	-	29
18	Inflows from fully performing exposures	486	459	435	470	305	290	285	311
19	Other cash inflows	206	199	135	75	206	199	135	75
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**	734	700	640	682	**512**	**489**	**420**	**415**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to a 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to a 75% cap	734	700	640	682	512	489	420	415
Total adjusted value									
EU-21	**Liquidity buffer**	———	———	———	———	**3,621**	**3,483**	**3,475**	**3,663**
22	**Total net cash outflows**	———	———	———	———	**1,227**	**1,211**	**1,271**	**1,361**
23	**Liquidity coverage ratio (%)**	———	———	———	———	**355**	**349**	**299**	**283**

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

Net stable funding ratio

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

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

Under regulatory requirements, a minimum NSFR of 100% must be maintained. The figures calculated for the pbb Group were consistently well above this minimum threshold at all times during the second half of 2025 and throughout the full financial year 2025. The NSFR as at the disclosure date of 31 December 2025 is 118% (30 June 2025: 113%).

Quantitative information on the net stable funding ratio

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

The fluctuations in the NSFR in 2025 are primarily due to changes in the maturity profile and composition of assets and liabilities.

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

Quarter-end figures as at 31 December 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	3,044	-	-	383	3,427
2	Own funds	3,044	-	-	383	3,427
3	Other capital instruments	———	-	-	-	-
4	Retail deposits	———	2,311	724	3,192	5,924
5	Stable deposits	———	-	-	-	-
6	Less stable deposits	———	2,311	724	3,192	5,924
7	Wholesale funding:	———	2,800	3,338	22,710	24,780
8	Operating deposits	———	-	-	-	-
9	Other wholesale funding	———	2,800	3,338	22,710	24,780
10	Interdependent liabilities	———	-	-	-	-
11	Other liabilities:	33	19	-	59	59
12	NSFR derivative liabilities	33	———	———	———	———
13	All other liabilities and capital instruments not included in the above categories	———	19	-	59	59
14	**Total available stable funding (ASF)**	———	———	———	———	**34,190**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)	———	———	———	———	2,315
EU-15a	Assets encumbered for more than 12 months in the cover pool	———	-	-	16,379	13,922
16	Deposits held at other financial institutions for operational purposes	———	-	-	-	-
17	Performing loans and securities:	———	1,969	4,144	7,791	9,410
18	Conducting securities financing transactions with financial customers collateralised by Level 1 HQLA subject to a 0% haircut	———	-	101	-	50
19	Securities financing transactions with financial customers collateralised by other assets and loans and advances to financial institutions	———	71	298	308	464
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and public sector entities (PSEs), of which:	———	1,579	3,541	5,756	8,593
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	———	53	69	42	1,147
22	Performing residential mortgages, of which:	———	274	186	1,408	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	———	121	185	1,393	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and on-balance-sheet trade finance products	———	44	18	827	735
25	Interdependent assets	———	-	-	-	-
26	Other assets:	-	3,121	-	324	2,790
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	———	690	-	-	35
31	All other assets not included in the above categories	———	2,431	-	324	2,755
32	Off-balance sheet items	———	-	-	1,712	481
33	**Total RSF**	———	———	———	———	**28,917**
34	**Net stable funding ratio (%)**	———	———	———	———	**118**

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

		a	b	c	d	e
Quarter-end figures as at 30 September 2025		**Unweighted value by residual maturity**				**Weighted value**
All figures in € million, unless otherwise stated		**No maturity**	**< 6 months**	**6 months to < 1 year**	**≥ 1 year**	
Available stable funding (ASF) items						
1	Capital items and instruments	3,115	-	-	442	3,557
2	Own funds	3,115	-	-	442	3,557
3	Other capital instruments	———	-	-	-	-
4	Retail deposits	———	1,787	1,231	3,328	6,044
5	Stable deposits	———	-	-	-	-
6	Less stable deposits	———	1,787	1,231	3,328	6,044
7	Wholesale funding:	———	3,868	3,405	23,803	25,741
8	Operational deposits	———	-	-	-	-
9	Other wholesale funding	———	3,868	3,405	23,803	25,741
10	Interdependent liabilities	———	-	-	-	-
11	Other liabilities:	27	21	-	61	61
12	NSFR derivative liabilities	27	———	———	———	———
13	All other liabilities and capital instruments not included in the above categories	———	21	-	61	61
14	**Total available stable funding (ASF)**	———	———	———	———	**35,402**
Required stable funding (RSF) items						
15	Total high-quality liquid assets (HQLA)	———	———	———	———	641
EU-15a	Assets encumbered for more than 12 months in the cover pool	———	-	-	21,071	17,910
16	Deposits held at other financial institutions for operational purposes	———	-	-	-	-
17	Performing loans and securities:	———	2,643	2,332	7,853	8,956
18	Conducting securities financing transactions with financial customers collateralised by Level 1 HQLA subject to a 0% haircut	———	-	-	-	-
19	Conducting securities financing transactions with financial customers secured by other assets and loans and advances to financial institutions	———	133	34	343	373
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns and public sector entities (PSEs), of which:	———	1,963	2,005	6,262	8,234
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	———	81	63	111	981
22	Performing residential mortgages, of which:	———	436	247	930	-
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	———	238	247	914	-
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and on-balance-sheet trade finance products	———	111	47	839	792
25	Interdependent assets	———	-	-	-	-
26	Other assets:	-	2,687	-	211	2,284
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	———	647	-	-	32
31	All other assets not included in the above categories	———	2,040	-	211	2,251
32	Off-balance sheet items	———	-	-	1,752	634
33	**Total RSF**	———	———	———	———	**30,425**
34	**Net stable funding ratio (%)**	———	———	———	———	**116**

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

Quarter-end figures as at 30 June 2025 All figures in € million, unless otherwise stated		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available stable funding (ASF) items						
1	Capital items and instruments	3,101	-	-	187	3,288
2	Own funds	3,101	-	-	187	3,288
3	Other capital instruments	—	-	-	-	-
4	Retail deposits	—	1,437	1,661	3,309	6,098
5	Stable deposits	—	-	-	-	-
6	Less stable deposits	—	1,437	1,661	3,309	6,098
7	Wholesale funding:	—	3,418	2,250	24,596	25,925
8	Operating 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 the 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	Conducting securities financing transactions with financial customers collateralised by Level 1 HQLA subject to a 0% haircut	—	-	-	-	-
19	Conducting securities financing transactions with financial customers secured 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 public sector entities (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 on-balance-sheet trade finance products	—	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 figures as at 31 March 2025)

		a	b	c	d	e
Quarter-end figures as at 31 March 2025		Unweighted value by residual maturity				Weighted value
All figures in € million, unless otherwise stated		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	Operating 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 the 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	Conducting securities financing transactions with financial customers collateralised by Level 1 HQLA subject to a 0% haircut	———	-	-	-	-
19	Conducting securities financing transactions with financial customers secured 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 public sector entities (PSEs), of which:	———	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 on-balance-sheet trade finance 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**

Operational risk

This chapter sets out the risk management objectives and risk management policy for the pbb Group's operational risk in accordance with Article 435(1) of the CRR, as well as information on the management of operational risk and the assessment of own funds requirements in accordance with Article 446 of the CRR. Disclosure in accordance with Article 454 of the CRR is not relevant to the pbb Group. The pbb Group does not currently use any advanced measurement approaches to calculate own funds requirements, but rather the standardised approach in accordance with Articles 311a et seq. of the CRR.

Management of operational risk

Definition

The pbb Group defines operational risk in accordance with the CRR as the risk of losses resulting from the inadequacy or failure of internal processes, people and systems or from external events, which includes in particular legal risk, model risk and ICT risk, but excludes strategic risk and reputational risk. Within operational risk, the following sub-categories are taken into account: legal risk – excluding misconduct, legal risk – misconduct (behavioural risk), model risk, ICT risk, as well as outsourcing and ICT service provider risk.

Risk strategy

The management of operational risk aims to prevent operational risk events and to adhere to the defined risk appetite. Key success factors in this regard are the early detection, systematic identification and assessment of operational risk, the implementation of risk mitigation measures and timely reporting to senior management. The strategy for managing operational risk is approved annually by the Board of Management as part of the overall risk strategy. It describes the control framework and measures of the pbb Group with regard to operational risk .

Organisation

A Group-wide, uniform framework governs the responsibilities for the management of operational risk, based on the principle of the three lines of defence. The divisional heads, as risk owners, are responsible for the management of operational risk and the implementation of risk mitigation measures within the various business areas (first line of defence). The second line of defence is primarily provided by the Non-Financial Risk & Control (NFR&C) division, comprising the Operational Risk (all operational risks), Validation & Model Risk Management (model risk), Information Security (ICT risk), Business Continuity Management (BCM risks) and Compliance (compliance risks, legal risk – misconduct), as well as by the Finance (outsourcing risk, tax risks), IT (ICT risk) and Legal (legal risk – excluding misconduct, legal risk – misconduct and data protection risk) divisions. Within Non-Financial Risk & Control, the Operational Risk unit acts as the overarching second line of defence for all operational risks, responsible for uniform processes, tools and methods for identifying, assessing, quantifying, monitoring and reporting operational risk. The third line of defence is represented by Internal Audit.

Risk reporting, risk monitoring and risk management

Key components of operational risk management include the collection, reporting and analysis of internal and external loss data, the Operational Risk Self-Assessment (ORSA) and scenario analysis. Through a structured and centralised reporting system, the Executive Board and divisional heads, the GRC and the supervisory bodies are informed regularly, promptly and comprehensively about risk events. Reports are produced both on an ad hoc basis (escalation of material risk events)

and on a monthly (Group Risk Report), quarterly (Key Risk Indicator Report) or annual (Annual OpRisk Report) basis. Operational risk reporting covers significant loss events and near-misses, root cause analyses, key risk issues, the development of risk indicators, the development of capital requirements, and results from the ORSA and scenario analysis.

The management of ICT risk, as well as outsourcing and ICT service provider risk, is fully integrated into operational risk management and thus into pbb's risk and compliance structure. ICT risk management generally takes place at the process level. Key elements include the annual risk assessment and the quarterly reporting of relevant information and metrics such as Key Performance Indicators (KPIs) and Key Risk Indicators (KRIs). Key components of the management of outsourcing and ICT service provider risk are the risk assessment of all outsourcing arrangements, which is updated at least annually for material outsourcing arrangements or critical and important ICT service providers and at least every three years for non-material, non-critical and non-important ones, the ongoing oversight by the Outsourcing Accountable Person, monitoring using appropriate key risk indicators, and quarterly reporting to the Outsourcing Committee.

Models are used within the pbb Group to quantify risks across the various risk categories and to measure the fair value of financial instruments. This gives rise to model risks, which may be caused by models that are incorrectly designed, implemented or applied. To keep model risks as low as possible, pbb has established a framework for the management of model risks.

The management of legal risk serves primarily to avoid losses that may arise from the pbb Group's business activities not being structured in a legally compliant manner. Where possible, structuring business activities in a legally compliant manner also serves to avoid legal disputes and to protect the integrity and reputation of the pbb Group. To achieve this, the Legal department supports the pbb Group's business activities by providing forward-looking, comprehensive, business- and solution-oriented legal advice. The Legal department assists the various divisions in monitoring developments in relevant legislation and case law and assesses their impact on new and existing business. The findings are presented and discussed with the responsible divisions and/or within the Legal and Regulatory Risk Committee. The "Legal Policy" describes the role and responsibilities of Legal within the pbb Group and serves as a guideline for employees in the Legal department. Furthermore, the Legal department provides the Finance department with an assessment of the provisioning requirements for pending legal cases. In addition, losses and provisions for legal risks associated with operational risk events are recorded in the OpRisk claims database. Overall, legal risk is taken into account as part of the existing operational risk framework and is, among other things, an integral part of the Key Risk Indicator Report, the ORSA, the analysis and reporting of risk events, and the determination of economic capital requirements.

ESG risks that impact operational risk are also integrated into the management of operational risk.

Risk quantification

Details on the quantification of operational risk, including legal risk, as well as the calculation results for the economic capital for operational risk are described in the chapter "Economic Capital and Risk-bearing Capacity (ICAAP)".

The regulatory capital requirement for operational risk, which is calculated annually at the end of the year, has been determined since March 2025 in accordance with the amended Capital Requirements Regulation ("CRR III") using the new standardised approach pursuant to Article 312 et seq. and amounted to €66 million as at 31 December 2025 (31 December 2024: €71 million; or €78 million according to the previous calculation under Articles 317 et seq. CRR).

Operational risk profile

In 2025, the pbb Group incurred a total loss of €2.2 million due to operational risk (2024: €0.3 million).

Own funds requirements for operational risk

To comply with the own funds requirements under the CRR, operational risk must be underwritten with own funds. The pbb Group calculates the own funds requirement for operational risk using the standardised approach in accordance with Articles 311a et seq. CRR.

The EU OR3 table therefore shows the own funds requirements for operational risk, based on the calculated business indicator and the relevant items from the profit and loss account and the balance sheet on which it is based. This new method, introduced with CRR III ("Basel IV") on 1 January 2025, replaces, amongst other things, the standardised approach used by the pbb Group until the end of 2024 to calculate risk-weighted exposure amounts. Against this background, the figures reported as at 31 December 2025 are only comparable to a limited extent with the figures reported for reporting dates up to and including 31 December 2024 or in previous periods.

Table EU OR2 also provides information on the calculation of the business indicator and its components for the last three financial years. pbb has not made use of the exemption under Article 315(2) of the CRR concerning amounts excluded from the business indicator.

The regulatory capital requirement for operational risk, which is calculated annually at the end of the year, has been determined since March 2025 in accordance with the amended CRR III using the new standardised approach pursuant to Article 312 et seq. CRR and amounted to €66 million as at 31 December 2025 (31 December 2024: €71 million and €78 million respectively, in accordance with the previous calculation under Article 317 et seq. CRR).

EU OR3: Own funds requirements for operational risk and risk exposure amounts

All figures in € million, unless otherwise stated		a
1	Business Indicator Component (BIC)	66
EU 1	Alternative Standardised Approach (ASA) Own Funds Requirements (OROF) under Article 314(4)	-
3	Minimum Required Operational Risk Own Funds Requirements (OROF)	66
4	Operational Risk Exposure Amounts (REA)	824

EU OR2: Business indicator, components and sub-components

All figures in € million, unless otherwise stated		a **2025**	b **2024**	c **2023**	d **Average value**
Business indicator (BI) and its subcomponents					
1	**Interest, lease and dividend component (ILDC)**	———	———	———	442
EU 1	**ILDC relating to the individual institution/consolidated group (excluding entities covered by Article 314(3)**	———	———	———	442
1a	Interest and lease income	2,710	3,513	3,494	3,239
1b	Interest and lease expense	2,310	3,058	3,023	2,797
1c	Total assets/Asset component	40,587	44,492	51,227	1,022
1d	Dividend income/dividend component	-	-	-	-
2	**Services component (SC)**	———	———	———	43
2a	Fee and commission income	11	11	8	10
2b	Fee and commission expense	27	32	37	32
2c	Other operating income	22	7	3	11
2d	Other operating expenses	3	2	1	2
3	**Financial component (FC)**	———	———	———	64
3a	Net profit or loss attributable to the trading book (TB)	6	3	-11	7
3b	Net profit or loss attributable to the banking book (BB)	-4	69	100	58
EU 3c	Approach used to determine the TB/BB boundary (PBA or accounting approach)	———	———	———	-
4	**Business Indicator (BI)**	———	———	———	549
5	**Business Indicator Component (BIC)**	———	———	———	66
Disclosure on the Business Indicator (BI):					
6a	BI excluding divested activities	-	———	———	———
6b	Reduction in BI due to excluded divested activities	-	———	———	———
EU 6c	Impact of mergers and acquisitions on BI	-	———	———	———

Additional disclosure of Table EU OR1 “Losses due to operational risks” in accordance with Article 446(2) of the CRR is not relevant for the pbb Group as at the reporting date. The relevant business indicators calculated for the pbb Group were at all times in the 2025 financial year well below the threshold of at least €750 million specified in Article 316(1) of the CRR.

Exposures to crypto-assets

A "crypto-asset" is, in accordance with Article 5a(1) of the CRR, a crypto-asset within the meaning of Article 3(1)(5) of Regulation (EU) 2023/1114 on markets in crypto-assets (Crypto-Asset Regulation), which is not a digital central bank currency. A "crypto-asset exposure" is, pursuant to Article 5a(3) of the CRR, an asset or off-balance-sheet item relating to a crypto-asset that entails Credit risk, Counterparty credit risk, Market risk, Operational risk or Liquidity risk.

As at the disclosure date, the pbb Group has no risk positions in crypto-assets and does not provide any crypto-asset services within the meaning of Article 3(1)(16) of the Crypto-Asset Regulation or engage in any other activities relating to crypto-assets. Disclosure pursuant to Article 451b CRR "Disclosure of exposures to crypto-assets and related activities" is therefore not relevant to the pbb Group.

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 comprises qualitative information on the management of ESG risks (business model and strategy, corporate governance and management, risk management) as well as quantitative information on climate and environmental risks, physical risks and, above all, transition risks resulting from the process of transition to a lower-carbon and more environmentally sustainable economy.

Management of ESG risk

Definition

The pbb Group defines ESG risk in accordance with EBA/REP/2021/18, the 8th amendment to MaRisk and the ECB Guide on Climate and Environmental Risks as the risk of adverse financial impacts on the institution arising from current or anticipated effects of ESG factors on its counterparties or the assets under management. ESG factors are environmental, social or governance issues that may have a positive or negative impact on the financial performance or solvency of a company, a state or an individual. ESG risk also encompasses negative financial, economic and social impacts that could arise from the institution's own activities. ESG risk comprises the following components:

Environmental risks

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

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

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

Social risks

pbb defines Social risks as the risks of negative financial impacts on the institution arising from the current or future effects of social factors – in particular from the disregard of human and labour rights and concerns, from any negative impacts of

economic activities on society/ communities in general or specific groups (for example, indigenous minorities or similar), as well as from product safety and end customers – on its counterparties or the invested assets. Similarly, negative impacts may 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 arising from the current or future effects of governance factors on its counterparties or the invested assets. Similarly, negative impacts may result from governance factors arising from the institution's own activities.

pbb's sustainability strategy and understanding of sustainability

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

The pbb Group is convinced that lawful and ethical conduct, responsible corporate governance and adherence to high ethical standards are essential prerequisites for long-term business success. The pbb Group therefore aims to permanently combine economic success with sustainability considerations, thereby creating long-term benefits for society and conserving natural resources. As part of the financial industry, the pbb Group sees itself as a financier of transformation and regards it as its duty to increasingly channel investment funds towards sustainability.

The pbb Group is committed to the Paris 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. In concrete terms, this means that the pbb Group is working to align both its loan portfolio and its own business operations with the 1.5 degrees Celsius target.

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

To identify material sustainability aspects, the pbb Group has been conducting an annual CSRD materiality analysis since 2023 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, as well as the outside-in perspective, which analyses the company's financial risks and opportunities. In the context of financial materiality, the CSRD materiality analysis was based on the already well-established results of the risk analyses from the pbb Group's risk inventory, particularly in the area of climate and environmental risks. For the portfolio, the climate- and environment-related aspects of adaptation to climate change and physical risks, climate change mitigation (emissions), energy, environmental pollution, and resource use and the circular economy were assessed as material. For business operations, social aspects relating to working conditions, equality and non-discrimination of the company's own employees, as well as governance aspects, were assessed as material.

In 2021, pbb adopted a comprehensive sustainability strategy for the first time, which forms part of the business strategy, and has been continuously developing it ever since. This takes account of the growing importance of sustainability for society and the economy and encourages all organisational units of the pbb Group to engage with the topic of sustainability. With the ESG Strategy 2026, the pbb Group builds on this and further develops its strategic positioning. The sustainability aspects relating to banking business in the business strategy concern 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 the Green Asset Ratios (GAR). However, from the pbb Group's perspective, the GARs in accordance with the EU taxonomy are not meaningful in terms of the actual proportion of environmentally sustainable assets, as there are already restrictions on taxonomy eligibility depend-

ing, among other things, on the size and capital market orientation of clients. No market conventions have yet emerged for adjusted and self-defined ratios. Looking ahead, the pbb Group believes that greenhouse gas (GHG) reduction is set to emerge as a key cross-company objective.

E-targets

	KPI	Kurz- und mittelfristige Ziele			Langfristige Ziele	
		2026	2027	2028	2030	2050
Bank-geschäft	THG Emissionsintensität REF-Portfolio		39,8 kg CO_2eq/m^2	37,2 kg CO_2eq/m^2	31,4 kg CO_2eq/m^2	1,1 kg CO_2eq/m^2
		Zielpfad →				
	Transparenzquote pbb Green Score im REF-Portfolio	Beibehaltung von mind. 85% angestrebt				
	Portfolioanteil REF Green Loan fähiger Assets	> 30%				
Geschäfts-betrieb	Scope 1 Emissionen (in CO_2eq)	Zielpfad →			190t	
	Scope 2 Emissionen (in CO_2eq)	Zielpfad →			5,3t	1,5° C
	Scope 3 Emissionen (in CO_2eq)	Zielpfad →			390t	

The pbb Group has developed a decarbonisation pathway with the aim of aligning the REF portfolio with the 1.5-degree Celsius target and actively steering it towards a reduction in GHG emissions intensity. The decarbonisation pathway is aligned with limiting global warming to 1.5 degrees Celsius, calculated from the pre-industrial era to the year 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. A reduction is being targeted for the other parts of the pbb portfolio. The key performance indicator for GHG emissions reduction, with a target value for 2050 and interim targets, is derived from the decarbonisation pathway developed. In 2024, work began on implementing control measures to reduce GHG emissions. Further measures were taken in 2025 and will continue.

This decarbonisation pathway for the strategic REF portfolio illustrates decarbonisation in terms of physical emission intensities (kg $_{CO_2}{}^{eq/m^2}$) and defines a final target for 2050 as well as the following (interim) targets (base year 2024):

- In 2027: 39.8 kg CO_2eq/m^2
- In 2028: 37.2 kg CO_2eq/m^2
- In 2030: 31.4 kg CO_2eq/m^2
- In 2050: 1.1 kg CO_2eq/m^2.

Physical emissions 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 provided by CRREM's GHG emissions intensity pathways aligned with the 1.5°C target.

Emissions data is available for every property financed by pbb at various levels of data quality. pbb uses a classification based on a PCAF data quality score ranging from one to four. For data with data quality scores of one to three, data from customers' energy performance certificates (consumption certificates or demand certificates) is used; this data is collected from pbb's own customers as part of 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 property type and the country of the financed property. Only properties with data quality scores of one to three were used to develop the decarbonisation pathway. In addition, the five main property types (residential, office, retail, industrial/logistics and hotel/leisure) were used. Consequently, a total commitment of around 75% was used to develop the climate pathway.

The determined portfolio baseline enables the decarbonisation of the property finance portfolio to be forecast, taking into account the current business plan and its projection up to 2050. As at 31 December 2025, the GHG emission intensity stood at 44.0 kg $CO_2{}^{eq/m^2}$.

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

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

To ensure the environmentally sustainable orientation of its REF loan portfolios, the pbb Group began portfolio management based on the pbb Green Scoring Model in 2021. To this end, pbb has developed the Green Loan and Green Bond Framework, including the respective products, and has set itself an initial operational interim target of having a share of more than 30% of Green Loan-eligible assets in its property financing portfolio by 2026. Green Loan eligibility is assessed using the pbb Green Scoring Model, which evaluates defined environmental criteria based on the three pillars of energy efficiency, 'Green Building' certifications and additional sustainability criteria (e.g. distance to public transport, use of green electricity) with an overall score between 0 and 100, or aligns with 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 opportunities for the transformation of properties towards sustainability. As at 31 December 2025, the proportion of assets eligible for green loans in the property finance portfolio stood at 29.9% of the total property finance portfolio and 34.9% of the assessed portion of the property finance portfolio. The assessed portion of the property finance portfolio stood at 85.6% as at 31 December 2025.

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

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

Measures

In the area of financing, the most important lever is the reduction of emissions from the financed properties. Therefore, the sustainability strategy focuses on supporting the financing of the acquisition of green properties as well as green developments and transformation projects (manage-to-green), such as energy-efficient refurbishments and the resulting improvements in 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.

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

The pbb Group is further expanding its commission-based business with pbb invest and the new Originate & Cooperate sub-segment. The aim of pbb invest is to offer real estate investment products (both equity and debt investment products) with sustainability features to institutional investors.

The pbb Group has established a data-driven ESG ecosystem to better understand the risks – but also the opportunities – for clients in the REF portfolio within a sustainability context and to act as an active partner in this transformation. As a first step, comprehensive data regarding various sustainability aspects of the financed property assets is collected and recorded. In addition to standard market-based exchange methods from third-party providers, standardised pbb questionnaires and the pbb client portal can also be used for structured data transfer. In the Green Tool, the pbb Group consolidates relevant ESG data from internal sources and external providers (including physical risk data). Based on the collected ESG data, 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 analyses. The pbb Group uses these analysis results, amongst other things, in client meetings to facilitate early dialogue, to identify potential ESG opportunities and develop them in collaboration with the client, as well as for its ESG product 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 aims to make an active contribution to achieving the Paris Climate Agreement and to align the loan portfolio with the 1.5-degree Celsius target. Thus, the Climate & Environment pillar remains central to the assessment of the sustainability of the financed portfolio.

The sustainability strategy's focus with regard to environmental risks is on supporting the financing of green properties, as well as green developments and transformation projects (manage-to-green), such as energy-efficient refurbishments and the resulting improvements in the energy efficiency of existing buildings. Since the fourth quarter of 2021, the pbb Group has been offering green loans. The pbb Green Loan Framework was developed to assess which properties and financing arrangements qualify as 'green'. It is based on two elements: pbb's own scoring model or the EU taxonomy.

In 2023, pbb's internal guidelines and instructions on managing ESG risks in the lending process were expanded, and a new breach of the risk strategy relating to non-green office properties in non-prime locations was implemented. Deviations from the principles of the risk strategy in lending decisions must be approved separately.

The existing portfolio was classified by collecting the relevant data points through a customer survey, and this process has since been integrated into standard procedures. Based on this data, as at 31 December 2025, pbb had classified and assessed more than 85.6% of its real estate portfolio using a pbb Green Score. Consequently, the pbb Group has gained a meaningful overview of the sustainability of its loan portfolio and the associated risks, and the foundations have been laid

for the long-term management of ESG risks. The data collected has been integrated into pbb's own IT infrastructure and is continuously updated.

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

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

Social and Governance Risks

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

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

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

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

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

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

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

In the case of local or regional authorities, the data of the respective higher-level central government may generally be used. Relevant human rights conventions must have been signed and implemented by the higher-level government. Results from indices such as Freedom House's human rights index or Transparency International's Corruption Perception Index 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 embedded in both the business strategy and the risk strategy of the pbb Group.

Identification and assessment of the materiality of ESG risks

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

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

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

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

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

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

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

- Step 1 "Categorised list of risk factors"

  The starting point is the list of potential risk factors, which comprehensively covers ESG risk factors drawn from both external publications – such as the ECB's Guide to Climate and Environmental Risks, the EU Taxonomy or the CSRD requirements – and internal sources, such as the non-financial materiality analysis or expert opinions, and which is regularly reviewed and expanded.

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

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

  "Outside-in" impact channels are taken into account, including a decline in customer creditworthiness or property value or the value of collateral, as well as the costs of repairs following a loss event (arising, for example, from physical risks) or business interruptions. The analysis of impacts also takes into account mitiga-

tion measures and the timing of the impact in question (time horizon). pbb distinguishes between the following time horizons: short-term (within one year), medium-term (1 to 5 years), medium- to long-term (more than 5 to 10 years) and long-term (10 years or more), whereby risk factors that are already relevant in the short term are also relevant in the medium and long term.

"Inside-out" impacts include societal influences or environmental issues, 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 impacts forms the basis for determining financial materiality. The assessment of the ESG risk factor reveals whether and to what extent there is an impact on metrics and benchmarks relevant to the institution (e.g. creditworthiness, property values, market shares) and 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 to other risk types"

Based on an analysis of the impact channels, as well as the relevant metrics and benchmarks, it becomes clear which types of risk are affected. Overall, Credit risk, Market risk, business and strategic risk, liquidity and funding risk, Operational risk and reputational risk may be affected, and other types of risk may also be involved where applicable.[4]

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

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 potential impact channels, time horizons and the potential influence on other risk types are documented.

The results of the risk inventory regarding "ESG materiality" serve as the basis for formulating the ESG risk appetite within the framework of the risk strategy.

Analysed ESG risk factors

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

The list of social and governance factors was derived from the CSRD (overarching) themes required by regulatory authorities. All ESG risk factors analysed as part of the 2025 risk inventory are listed in the table below.

[4] In particular, an assessment is being made as to whether the influence of ESG risks could alter the materiality classification of intangible risks.

ESG risk factors

Type	ESG risk factors
Environmental **Physical risk: Acute climate-related hazards**	Floods, heavy rainfall, storms (including cyclones, hurricanes, typhoons), tornadoes, forest fires, drought, heat-waves, cold spells / frosts, landslides, glacial lake outburst floods, avalanches, subsidence
Physical risk: Chronic climate-related hazards	Changes in wind patterns, coastal erosion, soil degradation, soil erosion, solifluction, changes in precipitation patterns and types, sea-level rise, water scarcity, temperature variability, heat stress, permafrost thawing, variability in precipitation and/or hydrology, ocean acidification and saltwater intrusion
Physical risk: Environmental factors	Loss of biodiversity / land-use change / over-exploitation of organisms / invasive alien species / habitat destruction, environmental pollution / contamination, production of hazardous waste / reusability / recyclability, water consumption intensity of objects / financing, exploitation of marine resources, earthquakes, volcanism, tsunamis
Transitory risk factors	Energy efficiency, carbon footprint (Scope 1, 2, 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, 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, and differentiated according to acute and chronic climate risks as well as 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 carried out for each risk factor within the portfolio segment, provided that suitable data—such as location-specific risk data on individual climate hazards—is available to determine potential exposures. A quantitative materiality definition is applied to the quantitative results for each risk factor. This materiality definition is based on the general materiality definition from a normative perspective and is derived and defined accordingly depending on the data type and portfolio segment.

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

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

Acute climate risks

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

For other acute climate hazards, the aforementioned data is not available. For these factors, we obtain a risk classification via a public source of hazard data based on the property locations. However, this risk classification does not include expected loss values; the classification is based solely on the probability of occurrence of material damage. Here, for each risk factor, the market value shares of the REF portfolio are divided into different risk classes ('no risk' to 'high') and a materiality threshold is defined for each factor based on the proportion falling into the 'high' category. For the quantitative materiality assessment of a climate hazard, the portfolio market value in the "high risk" category is used and the associated threshold explicitly defined. As the exact loss potential cannot be determined quantitatively, the final qualitative assessment must be carried out by an expert.

Chronic climate hazards

In line with the data from public sources for acute climate hazards, risk classes for the chronic risk factors of sea-level rise and coastal erosion can be retrieved from public sources. For a materiality assessment of these chronic climate hazards, pbb applies the same definition of materiality as for the quantitative assessment of acute climate hazards from public sources; that is, a risk factor is considered material if the market value of the 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.

Transitory risks

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

ESG risk concentrations

At pbb, risk concentrations are also examined using a ‘heatmap’ analysis of the ESG risk categories. To this end, property locations exhibiting increased exposures to various physical ESG risk factors were analysed. Overall, ESG risk concentrations for the REF portfolio are classified as immaterial.

Non-Core and Consolidation & Adjustments

Acute and chronic climate hazards

A three-stage assessment procedure 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 probability of occurrence and damage intensity were assigned to 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 associated with the respective environmental event for the affected borrowers/debtors or guarantors are then assessed, taking into account their creditworthiness (in the form of the currently assigned PD rating class), as an expression of their ability to potentially absorb losses.

For the net risk assessment, transaction-specific or counterparty-specific mitigating factors such as precautionary measures, contingency plans, adaptation projects, indemnity insurance, etc., are additionally 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 fall within the scope of normal environmental risk influences, which pbb’s customers can generally absorb within the scope of their normal economic capacity or normal risk reserves. The risk levels “medium” and “high” identify an environmental risk as exceeding the normal scope of economic risks and must be regularly reviewed in risk monitoring measures to assess potential losses for the bank due to increased default risks, and evaluated 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 applied 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_2 emissions attributable to a borrower/debtor or guarantor, or to their economic activity, are considered as the starting point for the necessary transformation and the resulting pressure to act, as well as the associated organisational and financial costs. This data is collected directly from the customer or replaced by regulatory-grade scientific/statistical CO_2 emissions data as proxy values. The greater the gap between current CO_2 emissions and the goal of climate neutrality – i.e. zero CO_2 emissions – the greater the pressure to transform and the expected costs for the borrower/debtor. To determine the gross risk as a first step, CO_2 intensity is therefore calculated as the ratio of economic output to the CO_2 emissions required to achieve it, and assigned to three intensity and thus transformation risk levels: low, medium and high.

In a second step, this gross risk – in the form of CO_2 intensity and transformation risk – is then weighed against the borrower’s, debtor’s or guarantor’s capacity for transformation. For local authorities, this transformation capacity is assessed using the NDGAIN evaluation of states’ transformation capacity, based on an assessment of the necessary willingness and capacity in the areas of the economy, governance, social structure and adaptability, using the NDGAIN readiness factor for the central government in question. For municipal and state-owned enterprises, the impact of this state’s transformation capacity is assumed, and thus the NDGAIN readiness factor of the relevant central government is applied. In the case of

ECA-covered financing, the transformation risk is neutralised by the ECA guarantor's coverage ratio and is to be assessed as residual risk only for the uncovered portion. For private enterprises, this transformation capacity is essentially assessed on the basis of economic strength, i.e. the credit rating and the actual demonstrated 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_2intensity) and the reciprocal of the NDGAIN Readiness factor or the individual transformation factor. Secondary transformation risks relating to the achievement of energy efficiency and sustainability requirements are assessed in a similar manner in two stages.

Biodiversity

To identify pbb's biodiversity risk, sector-specific biodiversity scores were used and a portfolio analysis was carried out to obtain an overview of biodiversity risk from a more general perspective. Both the inside-out 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 at property locations were also carried out. External satellite data was used for this purpose to classify pbb's EU REF portfolio in terms of biodiversity risks resulting from land-use changes. The few buildings for which an increased risk was identified in this land-use analysis were examined individually in a further expert assessment, which also largely ruled out a biodiversity risk due to land-use change . The same applies to pbb's sites and the data centre and server locations, which were also analysed. The US portion of the REF portfolio could not be considered in this analysis; however, similar strict environmental regulations apply there for building permits as in Europe. In addition to the analyses mentioned, estimates of probability of occurrence and impact for various biodiversity and environmental pollution aspects are determined as part of the CSRD materiality analysis and the OpRisk scenario analysis and are also taken into account. Overall, biodiversity is classified as non-material for pbb.

Further environmental risks

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

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

For the Non-Core segment, risk data for tsunamis, volcanic activity and earthquakes are also considered for other, non-climate-related environmental risks. In the event of tsunami, earthquake or volcanic eruption incidents, similar business interruption risks and reconstruction costs arise, as well as government subsidies or aid, as is the case with 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 manner to physical climate risks, using a three-stage process to determine the existential risk posed by other environmental risks, to calculate the gross risk for borrowers, debtors or guarantors, and to derive the net risk for these parties. The risk levels 'Medium' and 'High' identify an environmental risk as exceeding the normal level of economic risks and must be regularly reviewed in risk monitoring measures to assess the potential for loss to the bank due to in-

creased default risks, and evaluated 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 within the framework of pbb's financing is to be expected.

Social and Governance Factors

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

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

Results of the materiality assessment

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

Materiality of ESG risk factors

Type	Designation	Portfolio	Time horizon	Perspective
Environmental **Physical risk: Acute climate risks**	Flood, storm (including cyclone, hurricane, typhoon)	REF / NC / C&A	Medium term (1–5 years)	Financially material (outside-in)
	Heavy rainfall		Medium to long term (> 5 years < 10 years)	
	Heatwave, landslide, forest fire	NC / C&A	Medium term (1–5 years)	
	Drought	NC / C&A	Long term (> 10 years)	
	Tornado	REF	Medium term (1–5 years)	
Physical risk: chronic climate risks	None	-	-	-
Physical risk: environmental factors	Pollution / contamination	REF	Short term (< 1 year)	Financially material (outside-in) and environmentally and socially material (inside-out)
	Volcanism	NC / C&A	Short term (< 1 year)	Financially material (outside-in)
	Earthquakes	REF / NC / C&A	Short term (< 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	Medium to long term (> 5 years < 10 years)	Financially material (outside-in)
	Market sentiment			Financially material (outside-in) and environmentally and socially material (inside-out)
Social **Risk factors**	None	-	-	-
Governance **Risk factors**	Unethical corporate culture, unethical corporate behaviour – greenwashing, anti-competitive behaviour, corruption and bribery	-	Short term (< 1 year)	Financially material (outside-in) and environmentally and socially material (inside-out)

[1] Portfolio by business segment: Real Estate Finance (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 regarding 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 quantitatively assessed in various (climate) scenarios using appropriate assumptions as part of the macroeconomic stress test. ESG risk is classified as immaterial in both Market risk and liquidity and funding risk. No direct sustainability risks are currently identifiable for either pbb's Market risk position or its liquidity position. All material aspects of ESG risk that may be relevant to Liquidity risk are already taken into account in the known prudential risk categories (such as counterparty 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 physical assets or disruptions to the Bank's business continuity and are therefore relevant to Operational risk. Furthermore, there is a potential impact of transitory, environmental and governance factors on reputational, legal and liability risks, as well as business and strategic risk.

ESG risks in the rating process

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

> transitory climate risks (expressed by the properties' CO_2 emissions) and

- physical environmental risks (as measured by the "K.A.R.L." analysis data from "KA Köln.Assekuranz Agentur GmbH").

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

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

Inclusion in economic and regulatory capital

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

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

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

Furthermore, climate and environmental risk-related stress effects are taken into account as part of the regular annual stress testing programme. The scenarios considered 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 the pbb portfolio and capital position with regard to medium-term transitional climate and environmental risks, a corresponding short-term transition scenario has been defined, calculated and analysed in full within the normative and economic perspectives of the ICAAP, and finally firmly integrated into the stress testing programme.
- To extend the focus to potential events that manifest over a long-term period, a combined long-term transition risk and chronic physical risk scenario was calculated. In this scenario, the period up to 2050 was considered under various climate transition pathways.
- 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 to the implementation of its business model and capital management.

Inclusion 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. To identify potential impacts, a bank-wide integrated ESG stress test is conducted. The results from an ILAAP perspective are presented to the Risk Committee and, where necessary, a change to the methodology is proposed. There are currently no material ESG risks for the purposes of the ILAAP assessment.

Risk management in banking

Environmental risks

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

ESG risk management within the pbb Group is carried out in accordance with the ‘Three Lines of Defence’ (3 LoD) principle, with the risk owners (division heads) of the various specialist departments that are particularly close to clients or the public forming the first line of defence. The second line of defence is generally formed by the Financial Risk & Control, Legal and Non-Financial Risk & Control departments, with support functions from HR and IT. The Internal Audit (IA) department constitutes the third line of defence.

In REF new 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 provision of a range of products tailored to the intended use). The alignment of each property to be financed with the corresponding climate pathway (CRREM pathway) has been firmly established since April 2022 and supports the transformation of the portfolio towards alignment with the overarching Paris Agreement climate target. The target of achieving a new business volume of 32% in “Green Loan”-eligible assets in the REF portfolio by 2025 was met in 2025. The target of achieving more than 30% of “Green Loan”-eligible assets in the REF portfolio across the entire portfolio by 2026 was also achieved ahead of schedule in 2025. The proportion of sustainable properties in the assessed REF portfolio stood at 85.6% as at 31 December 2025. From a total portfolio perspective, the proportion of green assets reached 29.9%; in relation to the evaluated REF portfolio, it stood at 34.9%. As at 31 December 2025, the proportion of sustainable properties in new business volume was 35.0%.

Deviations from the strategic ESG guidelines require explicit approval by the Executive Board in the credit decision-making process for new business involving office properties. Similarly, the commissioning of any mitigating measures (e.g. insurance, structural measures, etc.) regarding (potential) physical E-risks constitutes a key component of the lending process.

In the existing portfolio of the Real Estate portfolio, E-scoring has been applied to a very large proportion of the existing portfolio following extensive retroactive collection of building data in recent years, thereby creating the basis for long-term climate management. This is not planned for the existing portfolio in the Non-Core and C&A segments.

Social and Governance Risks

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

To efficiently organise appropriate, continuous legal monitoring, the pbb Group uses a workflow system (RWC). It enables the comprehensive and early identification of new developments (or changes) regarding relevant regulatory requirements and guidelines. Furthermore, it supports the definition of suitable measures to comply with relevant regulations and guidelines, their implementation, and the corresponding monitoring of implementation. Furthermore, the workflow system provides a separate listing of standards relating to ESG issues.

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

Risk reporting

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

In internal risk reporting, monitoring has been established for exposures potentially affected by physical and transitional risks, as well as by the risk of environmental pollution, for both the REF portfolio and the non-core portfolio segment. Information on E-related market risk sensitivities and ESG-related losses in relation to operational risk within the REF portfolio also provides additional transparency in internal reporting. Internal reporting is continuously expanded in line with the available data. The quarterly KRI report includes portfolio information regarding transparency based on the overall 'scored' proportion and the proportion of the portfolio assessed as 'green'.

Organisation and responsibilities

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

The ESG programme covers strategy, environmental and social issues in banking, the operational, environmental and social footprint, corporate governance, ESG risks, ESG communication and reporting, data management, as well as business planning and portfolio management. In 2021, pbb's full Executive Board established the ESG Committee as a specialist committee for steering and monitoring, comprising the full Executive Board, selected divisional heads, members of the ESG programme management team and the working group leaders. It is primarily responsible for developing an ESG business strategy and for monitoring the relevant implementation measures, and usually meets on a quarterly basis. A report on the programme's progress is also submitted to the Supervisory Board on a quarterly basis. Furthermore, when the programme was established in 2021, the Executive Board appointed an ESG Programme Management team, whose tasks include supporting the ESG Committee and preparing the ESG Committee's resolutions.

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

Organisation of the ESG programme

The decentralised integration of ESG topics across the specialist departments and core processes ensures that ESG topics are deeply embedded within the pbb Group. Staff from various specialist departments receive training tailored to their needs – ranging from general basic training and decentralised self-study modules (Learning Nuggets) available on the intranet to external ESG training programmes for the targeted further development of ESG specialists in individual pbb departments. This is aimed in particular at harnessing synergy effects in the context of ESG work, ensuring a smooth transition of ESG tasks into standard processes, and building up subject-specific ESG expertise within the departments. To this end, a long-term ESG governance vision has been developed, which the pbb Group is striving to achieve.

Remuneration

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

Once a year, pbb defines overarching strategic priorities for variable remuneration in accordance with the guidelines of the remuneration strategy; these are closely interlinked with 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, guided by the Corporate Strategic Priorities. These encompass environmental aspects in the area of ‘Portfolio and Financing’, social aspects relating to the ‘further strengthening of pbb as a modern and attractive employer’, and corporate governance aimed at the ‘further strengthening of pbb’s governance’.

pbb’s strategic priorities have been correspondingly embedded and specified in the divisional objectives. pbb has thus integrated its climate and environment-related risk approach into its variable remuneration system. The climate- and environment-related targets include, in particular, targets relating to the financing of properties classified as green, or the consideration and minimisation of ESG risks within the framework of credit analysis and the credit selection process.

The remuneration of the members of the pbb Group’s Management Board consists of fixed, non-performance-related components and performance-related variable remuneration. To ensure that sustainability criteria are appropriately taken into account in the remuneration of Management Board members, sustainability-related considerations are integrated into the variable remuneration. Consequently, the departmental and individual targets of the Management Board members also include targets relating to ESG. For the year 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 within the framework of credit analysis and the credit selection process. Alongside the recruitment and development of young talent and retention, the implementation of a programme to strengthen corporate and leadership culture, and the promotion of diversity with a focus on advancing women's careers, key social sustainability targets were also selected as departmental and individual targets for 2025. The departmental and individual targets contribute a total of 40% to variable remuneration. The number of departmental and individual targets varies annually, meaning that no fixed percentage can be reported in this regard. In 2025, approximately 22% of the variable remuneration attributable to departmental and individual targets depends on targets in the ESG area; this corresponds to a share of approximately 13% of total variable remuneration.

Variable remuneration is determined through a standardised and formalised process across the Group. The calculation of variable remuneration is based on quantitative and qualitative targets taken into account at corporate, divisional and individual levels. The qualitative and quantitative divisional targets are set annually, derived from the corporate targets and the planning for the respective financial year. To this end, 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 is concluded annually for each employee, setting out qualitative and quantitative targets for the current financial year. The individual targets are aligned with the divisional targets and thus, fundamentally, with the Corporate Strategic Priorities as well. The Corporate Strategic Priorities for 2025 also included strategic priorities from the ESG area. In this way, the pbb Group aimed to continue promoting behaviours in 2025 that align with the Group's climate and environmental risk approach. To measure the extent to which a division has achieved its targets and thus to determine the variable remuneration, the 100% target value for the relevant targets is defined in advance in each case.

Climate and environmental risk

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

The pbb Group has opted not to disclose information on the EU taxonomy eligibility and EU taxonomy compliance of risk positions (Tables EU ESG6 to EU ESG10, as well as EU ESG1, column c, and EU ESG4, column c) – which is not meaningful for the pbb Group in terms of the actual proportion of environmentally sustainable assets – with reference to the No-Action Letter published by the EBA on 6 August 2025 (EBA/Op/2025/11) and the FAQs published by the ECB on 9 December 2025 regarding the application of ESG disclosure requirements following the issuance of the No-Action Letter.

Climate and Environment – Transition risks arising from climate change

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

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

The financed CO_2 emissions in tonnes of CO_2 equivalents (tCO_2e) are calculated in accordance with the international standard for measuring CO_2 emissions set by the Partnership for Carbon Accounting Financials (PCAF). For real estate clients, the underlying PCAF calculation methodology is based on the financial share of a loan in a financed property and on 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 emissions approximately.
- The calculation of financed Scope 3 emissions for real estate clients is based on industry averages using economic emission factors.

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

The calculation models remain in a continuous development process.

In line with the pbb Group's business model, which focuses on commercial property financing, 97% of these exposures to non-financial corporations relate to the economic sectors 'L – Real estate and housing' (€26.4 billion, line 52) and 'F – Construction' (€206 million, line 40). The combined share of the remaining economic sectors amounts to around 3% and, when considered individually, accounts for less than 1% of the risk exposures.

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

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount [2]					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG-financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tonnes of CO2 equivalent)		GHG emissions (column i) [4]	Remaining maturity				
All figures in € million, unless otherwise stated	Sector/subsector [1]		of which exposures to companies excluded from EU Paris-aligned benchmarks [3]	of which environmentally sustainable (CCM)	of which Stage 2 exposures	of which non-performing exposures		of which Stage 2 exposures	of which non-performing exposures		of which Scope 3 financed emissions		≤ 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
1	**Exposures to sectors that contribute significantly to climate change***	**26,710**	**0**	**0**	**5,375**	**2,405**	**-831**	**-107**	**-691**	**837,967**	**521,424**	**36%**	**22,631**	**3,399**	**580**	**100**	**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	18	-	-	18	-	-	-	-	13,842	8,920	-	-	18	-	-	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	18	-	-	18	-	-	-	-	13,842	8,920	-	-	18	-	-	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 tonnes of CO2 equivalent)**		**GHG emissions (column i) [4)]**	**Remaining maturity**				
	Sector/subsector [1)]		**of which exposures to companies excluded from EU Paris-aligned benchmarks [3)]**	**of which environmentally sustainable (CCM)**	**of which Stage 2 exposures**	**of which non-performing exposures**		**of which Stage 2 exposures**	**of which non-performing exposures**		**of which Scope 3 financed emissions**		**≤ 5 years**	**> 5 years <= 10 years**	**> 10 years <= 20 years**	**> 20 years**	**Weighted average maturity**
	All figures in € million, unless otherwise stated																
21	C.21 - Manufacture of pharmaceutical preparations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	C.22 - Manufacture of rubber products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	C.23 - Manufacture of other non-metallic mineral products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	C.24 - Manufacture of basic metals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	C.26 - Manufacture of computer, electronic and optical products	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	C.27 - Manufacture of electrical equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	C.28 - Manufacture of machinery and equipment n.e.c.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	C.30 - Manufacture of other transport equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	C.31 - Manufacture of furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	C.32 - Other manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	C.33 - Repair and installation of machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	D - Electricity, gas, steam and air conditioning supply	15	-	-	-	-	-	-	-	20,812	1,595	-	2	13	-	-	5
35	D35.1 - Electricity generation, transmission and distribution	15	-	-	-	-	-	-	-	20,812	1,595	-	2	13	-	-	5
36	D35.11 - Production of electricity	15	-	-	-	-	-	-	-	20,812	1,595	-	2	13	-	-	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	48	-	-	-	-	-	-	-	48,388	25,628	-	4	44	-	-	8

	Sector/subsector [1]	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount [2]					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG-financed emissions (Scope 1, Scope 2 and Scope 3 emissions of the counterparty) (in tonnes of CO2 equivalent)		GHG emissions (column i) [4]	Remaining maturity				
			of which exposures to companies excluded from EU Paris-aligned benchmarks [3]	of which environmentally sustainable (CCM)	of which Stage 2 exposures	of which non-performing exposures		of which Stage 2 exposures	of which non-performing exposures		of which Scope 3 financed emissions		≤ 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity
	All figures in € million, unless otherwise stated																
40	F - Construction	206	-	-	-	-	-	-	-	2,186	1,862	15%	206	-	-	-	2
41	F.41 - Construction of buildings	206	-	-	-	-	-	-	-	2,185	1,861	15%	206	-	-	-	2
42	F.42 - Civil engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43	F.43 - Specialised construction activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	H - Transport and storage	67	-	-	16	-	-	-	-	53,765	49,271	-	16	-	51	-	11
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 transport	61	-	-	16	-	-	-	-	53,175	48,710	-	16	-	45	-	11
50	H.53 - Postal and courier activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	I - Accommodation and food service activities	54	-	-	-	-	-	-	-	3,151	2,789	-	54	-	-	-	4
52	L - Real estate activities	26,356	-	-	5,340	2,405	-831	-107	-691	698,975	434,149	46%	22,403	3,323	529	100	3
53	**Exposures to sectors other than those that contribute significantly to climate change***	**660**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	———	———	———	**253**	**68**	**243**	**96**	**10**
54	K - Financial and insurance activities [5]	-	-	-	-	-	-	-	-	———	———	———	-	-	-	-	-
55	Exposures to other sectors (NACE codes J, M – U)	606	-	-	-	-	-	-	-	———	———	———	199	68	243	96	11
56	**Total**	**27,370**	**0**	**0**	**5,375**	**2,405**	**-831**	**-107**	**-691**	**1,032,691**	**673,169**	**29%**	**22,884**	**3,466**	**823**	**196**	**3**

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

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

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

[4] Greenhouse gas emissions (GHG). Column k shows the percentage of the portfolio for which information on counterparties' Scope 1/2/3 emissions is already available. For the calculation of Scope 1/2 emissions, information from the counterparty is available in sector L for 74% of the portfolio.

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

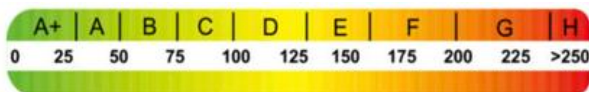
EU ESG2: Investment book – Indicators of potential transition risks arising from climate change: Loans secured by real estate – Energy efficiency of collateral

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

In the pbb Group's commercial property financing business, the portfolio continues to be dominated by investment financing. This term covers the financing of properties whose debt servicing is primarily covered by the property's operating cash flow. The properties financed are mainly office, residential, logistics/warehouse, retail, hotel and leisure buildings. Of the risk positions shown in Table EU ESG2, i.e. loans and credits secured by property, 83% relate to commercial property and 17% to residential property. Geographically, the pbb Group's focus as at the reporting date was on Western Europe; accordingly, 84% of the risk positions relate to EU countries and 16% to non-EU countries.

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

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



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

Average final energy consumption for residential buildings has fallen steadily as buildings have become newer, as shown in the table below. The statistical averages form the basis for the estimation function of final energy consumption by year of construction.

Year of construc-tion	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: German Energy Agency (https://www.dena.de/)
The source applies only to residential buildings. Proxies have been assigned to other building types using a property-type-dependent scaling.

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

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

Average final energy consumption by building type for non-residential buildings (Source: Federal Ministry for Economic Affairs and Energy and Federal Ministry of the Interior, Building and Community ‘Publication of the rules for energy consumption values and comparative values in the non-residential building stock’, https://geg-info.de/geg/210503_bmwi_bmi_regeln_energieverbrauchskennwerte_nichtwohnbestand.pdf) and residential buildings (Source: German Energy Agency (dena), among others “Preliminary studies for the development of a long-term renovation strategy in accordance with Article 2a of the EU Buildings Directive 2018/844 (EPBD)”, (https://www.bmwk.de/Redaktion/DE/Downloads/Studien/vorbereitende-untersuchungen-zur-langfristigen-renovierungsstrategie-ergaenzung.pdf?__blob=publicationFile&v=6).

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

EU ESG2: Investment portfolio – indicators of potential transition risks arising from climate change: Loans secured by real estate – energy efficiency of the collateral

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount [1]															
			Level of energy efficiency [2] (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral) [3]							Without EPC label for the property	
	Counterparty sector		0; <= 100	> 100; <= 200	> 200; ≤ 300	> 300; ≤ 400	> 400; <= 500	> 500	A	B	C	D	E	F	G		of which estimated energy efficiency level [4]
All figures in € million, unless otherwise stated																	
1	**Total EU area**	**22,977**	**8,870**	**10,760**	**2,171**	**793**	**347**	**37**	**1,497**	**1,821**	**1,834**	**1,459**	**449**	**394**	**631**	**14,892**	**19%**
2	of which loans secured by commercial immovable property	18,484	7,196	8,058	2,065	780	347	37	1,114	1,290	1,389	962	166	155	578	12,831	17%
3	of which loans secured by residential property	4,493	1,674	2,702	106	12	-	-	383	531	446	497	283	239	53	2,061	29%
4	of which collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	of which estimated energy efficiency level (EP score in kWh/m² of collateral)	4,783	1,364	3,030	389	-	-	-	—	—	—	—	—	—	—	4,783	100%
6	**Total non-EU area**	**4,280**	**560**	**2,753**	**579**	**60**	**120**	**208**	**187**	**787**	**141**	**72**	**3**	**109**	**0**	**2,980**	**26%**
7	of which loans secured by commercial immovable property	4,035	560	2,618	469	60	120	208	187	787	141	72	3	-	-	2,844	25%
8	of which loans secured by residential property	245	-	135	109	-	-	-	-	-	-	-	-	109	-	135	36%
9	of which collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	of which estimated energy efficiency level (EP score in kWh/m² of collateral)	1,353	93	1,162	98	-	-	-	—	—	—	—	—	—	—	1,353	100%

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

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

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

The EU ESG3 table shows only the alignment metric for the REF portfolio (various NACE sectors). Although the pbb Group also holds exposures in other climate-relevant (NACE) sectors, these are considered immaterial compared to the REF portfolio. Furthermore, the non-strategic Non-Core segment is to be gradually phased out by excluding new business. Strategic management of business activities to achieve the NZE2050 scenario is thus already ensured through the exclusion of new business. In this respect, the pbb Group has chosen not to disclose corresponding explanations for the non-core exposure in the EU ESG3 table. As the NACE codes listed in the EU ESG3 table partly contain non-core portfolios, the sum of the gross carrying amounts differs from that in the EU ESG1 template.

To determine emission intensities, the pbb Group uses the international PCAF standard for calculating financed emissions in the financial sector. The calculation of emissions data for the financed properties is carried out using the emissions data provided by the counterparties and, in the absence of such information, by using PCAF proxies. Emissions data is available for every property financed by pbb at various data quality levels. pbb uses the PCAF data quality score classification of one to four for this purpose. For data with data quality scores of one to three, data from customers' energy performance certificates (consumption certificates or demand certificates) is used; this data is collected from pbb's own customers as part of the data collection process 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 property type and the country of the financed property. For the real estate sector, contrary to the requirements of Implementing Regulation (EU) 2022/2453, the IEA NZE2050 climate pathway is not used, but rather the climate pathway according to the Carbon Risk Real Estate Monitor (CRREM) Global Pathways. This deviation was made because the CRREM climate pathway is better suited to the real estate financing sector, which dominates the pbb Group, due to its differentiated consideration of the country and the intended use of the property, whereas the IEA NZE2050 provides for only a single global pathway. Scope 3 emissions are excluded when determining deviations from the CRREM pathway. The calculation is based on the continuation of the strategy first established in 2023 for 2024, which was defined taking into account Scope 1 and Scope 2 emissions.

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

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

	a	b	c	d	e	f	g
	IEA Sectors [1)]	**NACE Sectors [2)] (at a minimum)**	**Gross carrying amount of the portfolio [3)]**	**Alignment metric [4)] (in tCO_2/m^2)**	**Year of reference [5)]**	**Distance to IEA scenar-io NZE2050 [6)] (in %)**	**Target [7)] (year of reference + 3 years)**
All figures in € million, unless otherwise stated							
1	Real estate activities	L68, F41, I, M-S	26.414	0.0403 tCO2/m2)	2025	208%	0.0372

[1)] Industry sectors of the International Energy Agency (IEA).
[2)] Economic sectors in accordance with the NACE Regulation (EU), the Statistical Classification of Economic Activities in the European Community (Nomenclature Générale des Activités Économiques dans les Communautés Européennes, NACE). Classification according to the counterparty's NACE code is based on the principal business activity of the direct counterparty (such as the direct borrower, counterparty or issuer of the securities) or that of the most significant or decisive debtor.
[3)] Gross carrying amount – before deduction of impairment losses on financial assets, after depreciation, before the application of Credit risk mitigation techniques – of loans and advances, debt securities and equity instruments in the banking book, i.e. exclud-ing financial assets held for trading or 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] The percentage gap between the alignment parameters and the data points 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 as set out in 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)] The pbb Group's target for 3 years relative to the reference year (column e) and with regard to the alignment parameters (column d). The target relates to Scope 1 and Scope 2 emissions. The calculation is made without taking proxy data into account.

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

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

Climate and Environment – Physical Risk

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

The EU ESG5 table contains information on exposures (loans and credits, debt securities and equity instruments) to non-financial corporations, on loans secured by property and repossessed property 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/remaining maturity of these risk positions. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), counterparties are broken down by economic sector (in accordance with NACE codes) and geographical area. As geographical areas that may be vulnerable to certain climate-related risks, the pbb Group presents the table for Germany and, in summary, for all other countries.

Germany alone accounts for around 34% of these risk positions vis-à-vis non-financial corporations, 98% of which relate to the economic sectors "L – Real estate" and "F – Construction". The remaining countries (excluding Germany) account for around 66% of the risk exposures, 97% of which relate to the economic sectors 'L – Real estate and housing' and 'F – Construction'.

There are no risk exposures in either Germany or the other countries that are vulnerable solely 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). The risk exposures that are vulnerable only to the effects of acute events resulting from climate change amount to €510 million in Germany, representing 6% of the risk exposures attributable to Germany, and to a combined total of €5,190 million in the other countries, representing 29% of the risk exposures attributable to these countries. Exposures vulnerable to the impacts of both chronic and acute events resulting from climate change amount to €19 million in Germany, representing 0.2% of the exposures attributable to Germany, and, when aggregated across the other countries, to €186 million, corresponding to around 1% of the exposures attributable to these countries.

The general data basis for the EU ESG5 table is the FINREP framework (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 utilised are described below. For secured financing, the sensitivity analysis takes into account the risk assessment of the collateral (commercial and residential property). For unsecured financing, however, the counterparty 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 associated with the relevant contracts is derived directly from the property assigned to the contract that is most at risk. 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 Nomenclature of Territorial Units for Statistics (NUTS) was used for this purpose.

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

As part of the risk assessment in the risk inventory, each property was assigned a qualitative risk level on a risk scale ('risk traffic light') for ten acute (flood, heavy rain, storm surge, storm, tornado, hail, drought, wildfire, heatwave, landslide) and two chronic (coastal erosion, sea-level rise) climate risks. The traffic light scales for most of these risks are determined by the external sources used (K.A.R.L. data, ThinkHazard, WRI Aqueduct). The climate risks associated with wildfires and landslides form an exception; these were reviewed by pbb based on expert estimates and supplemented with relevant

properties through an analysis of vegetation and elevation profiles. The pbb Group thus fully covers the physical climate risks cited as examples in the DVO (EU) 2022/2453 in its assessment.

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

The risk assessments for the risks of 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 site-specific hazard profile with the vulnerability of the property under investigation (e.g. a building or industrial site) using a damage function specific to the property type. The expected annual damage amounts were therefore entered into the EU ESG5 table, which were then translated into a five-level qualitative assessment of the risk situation at the site using a risk traffic light system based on the K.A.R.L. scale.

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

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

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

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

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
	Variable: Geographical area subject to physical climate change risk – acute and chronic events [2] [3]	Gross carrying amount [1]													
			of which exposures sensitive to the impact of physical climate change events												
			Breakdown by maturity bucket					of which exposures sensitive to the impact of chronic climate change events	of which exposures sensitive to the impact of acute climate change events	of which exposures sensitive to the impact of both chronic and acute climate change events	thereof Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
All figures in € million, unless otherwise stated	Germany		<= 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years [4]	Average weighted maturity							thereof Stage 2 exposures	of which non-performing exposures
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	2	2	-	-	-	4	-	2	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	F - Construction	206	-	-	-	-	2	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transport and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	L - Real estate activities	8,866	432	15	3	6	3	-	438	19	4	118	-	-	-
10	Loans secured by residential property	3,163	85	8	2	6	4	-	90	10	-	-	-	-	-
11	Loans secured by commercial immovable property	6,016	348	3	-	-	2	-	342	8	-	118	-	-	-
12	Repossessed collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors	186	1	-	69	-	13	-	70	-	-	-	-	-	-
13a	M - Professional, scientific and technical activities	115	-	-	-	-	-	-	-	-	-	-	-	-	-
13b	Q - Human health services and social work activities	70	1	-	69	-	11	-	70	-	-	-	-	-	-
13c	S - Other services	1	-	-	-	-	2	-	-	-	-	-	-	-	-

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

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

[3] The classification of a geographical area as one that may be exposed to a physical risk (chronic and acute hazards) arising from climate change is determined by the location of the obligor, i.e. the obligor's habitual residence or, in the case of specialised financing, the location of the assets (real estate).

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

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Gross carrying amount [1]													
			of which exposures sensitive to the impact of physical climate change events												
Variable: Geographical area subject to physical climate change risk – acute and chronic events [2] [3]			Breakdown by maturity bucket					of which exposures sensitive to the impact of chronic climate change events	of which exposures sensitive to the impact of acute climate change events	of which exposures sensitive to the impact of both chronic and acute climate change events	thereof Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
Other countries (excluding Germany)			<= 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years [4]	Average weighted maturity							thereof Stage 2 exposures	of which non-performing exposures
All figures in € million, unless otherwise stated															
1	A - Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	B - Mining and quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	C - Manufacturing	18	-	18	-	-	6	-	18	-	-	-	-	-	-
4	D - Electricity, gas, steam and air conditioning supply	13	-	13	-	-	6	-	13	-	-	-	-	-	-
5	E - Water supply; sewerage, waste management and remediation activities	48	4	44	-	-	8	-	48	-	-	-	-	-	-
6	F - Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	H - Transport and storage	67	16	-	51	-	11	-	67	-	-	-	-	-	-
9	L - Real estate activities	17,490	4,467	183	143	-	2	-	4,608	186	39	712	-335	-50	-275
10	Loans secured by residential property	1,469	395	18	-	-	2	-	412	-	-	87	-4	-1	-3
11	Loans secured by commercial immovable property	15,886	4,069	161	-	-	2	-	4,045	185	39	626	-331	-49	-272
12	Repossessed collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Other relevant sectors	474	123	59	173	80	42	-	436	-	-	-	-	-	-
13a	I - Accommodation and food service activities	54	54	-	-	-	4	-	54	-	-	-	-	-	-
13b	M - Professional, scientific and technical activities	23	1	-	-	-	1	-	1	-	-	-	-	-	-
13c	N - Administrative and support service activities	35	35	-	-	-	2	-	35	-	-	-	-	-	-
13d	P - Education	63	-	-	-	47	22	-	47	-	-	-	-	-	-
13e	Q - Human health services and social work activities	299	33	59	173	33	13	-	299	-	-	-	-	-	-

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

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

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

[4] The maturity band '> 20 years' may, in accordance with EBA/ITS/2022/01, also include exposures that have no fixed residual maturity for reasons other than the counterparty being able to choose the repayment date.

Outlook

Pillar 3 disclosure requirements

Since 1 January 2025, the regulations of the CRR III/CRD VI banking package (“Basel IV”), adopted to further strengthen banking regulation and promote market discipline, have applied to banks in the EU. The new CRR regulations – 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 as of the disclosure reference date of 31 March 2025.

Technical implementing standards pursuant to Article 434a of the CRR, i.e. uniform disclosure formats and specifications from the EBA for compliance with the amended disclosure requirements of Part 8 of the CRR, are set out in Implementing Regulation (EU) 2024/3172 (the so-called “Pillar 3 framework”). With this Pillar 3 framework, which has been in force since 1 January 2025, Implementing Regulation (EU) 2021/637, which set out uniform disclosure formats until the end of 2024, was repealed.

On 22 May 2025, the EBA launched a public consultation on the further revision of the 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”, the implementation of the Pillar 3 disclosure requirements introduced by CRR III is to be finalised, including the review of disclosures on ESG risks and the disclosure of information on Shadow banking entities and equity exposures. The consultation ran until 22 August 2025. The final EBA standard is still pending.

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Certification by the Management Board

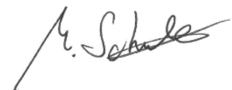
pursuant to Article 431(3), sentences 1 to 3, CRR

The Management Board of pbb hereby 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, 5 May 2026

Deutsche Pfandbriefbank AG

The Management Board



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