Interim Report as of 30 June 2025

Deutsche Pfandbriefbank Group

OVERVIEW

Deutsche Pfandbriefbank Group (pbb Group)		1.1.–30.6.2025	1.1.–30.6.2024
Operating performance according to IFRS			
Profit/loss before tax	in € million	-249	47
Net income/loss	in € million	-242	40
Key ratios			
Earnings per share	in €	-1.90	0.20
Cost-income ratio[1)]	in %	61.2	45
Return on tangible equity before tax[2)]	in %	-18.2	2.4
Return on tangible equity after tax[3)]	in %	-17.0	1.8
New business volume Real Estate Finance[4)]	in € billion	2.6	1.9
Balance sheet figures according to IFRS		**30.6.2025**	**31.12.2024**
Total assets	in € billion	42.4	44.2
Equity	in € billion	3.1	3.4
Financing volumes Real Estate Finance	in € billion	28.2	29.0
Key regulatory capital ratios[5)]		**30.6.2025**	**31.12.2024**
CET1 ratio	in %	15.3	14.4
Own funds ratio[6)]	in %	18.0	17.2
Leverage ratio	in %	7.3	7.5
Staff		**30.6.2025**	**31.12.2024**
Employees (on full-time equivalent basis)		791	778
Long-term issuer rating/outlook[7)8)]		**30.6.2025**	**31.12.2024**
Standard & Poor's		BBB-/Stable	BBB-/Negative
Moody's Pfandbrief rating		**30.6.2025**	**31.12.2024**
Public sector Pfandbriefe		Aa1	Aa1
Mortgage Pfandbriefe		Aa1	Aa1

[1)] Cost-income ratio is the ratio of general and administrative expenses and net income from write-downs and write-ups on non-financial assets to operating income.
[2)] Return on tangible equity before tax is the ratio of annualised profit/loss before tax less AT1 coupon and average IFRS equity excluding intangible assets, deferred tax assets and AT1 capital.
[3)] Return on tangible equity after tax is the ratio of annualised net income/loss less AT1 coupon and average IFRS equity excluding intangible assets and AT1 capital.
[4)] Including prolongations with maturities of more than one year.
[5)] Since 2025, capital ratios have been determined under Basel 4 and, due to the different calculation methodology, are not comparable with the figures as at 31 December 2024 under Basel 3. Figures as at 31 December 2024 after approval of the 2024 consolidated financial statements, less AT1 coupon and appropriation of profits.
[6)] The ratings of unsecured liabilities may diverge from the issuer ratings.
[7)] The rating agencies may alter or withdraw their ratings at any time. Ratings of individual securities issued by pbb may deviate from the ratings indicated above, or an individual security may not be rated at all. For the evaluation and usage of ratings, please refer to the rating agencies' pertinent criteria and explanations and the relevant terms of use, which are to be considered. Ratings should not serve as a substitute for personal analysis. They do not constitute a recommendation to purchase, sell or hold securities issued by Deutsche Pfandbriefbank AG (pbb).

Information due to rounding

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Explanation of alternative performance measures

For further information regarding thedefinition, usefulness and calculation ofalternative permormance measures see "investors/financial-reports" at www.pfandbriefbank.com

Content

Group Interim Management Report

Report on Economic Position

The eurozone economy grew surprisingly strongly in the reporting period from 1 January to 30 June 2025. Gross domestic product grew by 0.6% in the first quarter, followed by an increase of 0.1% in the following quarter. In Germany, growth in the first quarter also surprised with a stronger than expected increase of 0.3%, while the economy contracted slightly by 0.1% in the second quarter. Inflation in Germany and the eurozone was exactly at the European Central Bank's (ECB) target of 2.0% in June. The ECB cut its key interest rates several times in the first six months of 2025, with the deposit rate standing at 2.0% at the end of June. At the beginning of the year, it was still at 3.0%. (Source: Bloomberg)

The picture in the US was mixed in the first half of 2025. In the first quarter, gross domestic product shrank unexpectedly by 0.1%, followed by growth of 0.7% in the second quarter. Although key interest rates were not lowered and were at a significantly higher level than in the eurozone, inflation moved away from the Fed's target of 2.0% again over the course of the first half of 2025. In June, consumer prices rose by 2.7%, compared with a low of 2.3% in April. (Source: Bloomberg)

Protectionist tariff and trade policies are hampering economic development in the US. These policies are increasing uncertainty among households and companies and could therefore have a negative impact on consumption and investment decisions. There is also the threat of an increase in inflation if companies pass on the increased costs resulting from the tariffs to consumers. This risk is currently preventing the Fed from supporting the US economy with interest rate cuts. (Source: Bloomberg)

The US government's decision to significantly increase the national debt in the coming years with a far-reaching tax and spending package is also having a negative impact, which is likely to lead to a very high interest burden in the future (source: Bloomberg). The US debt level is already almost 121% of gross domestic product (as at 2024, source: IMF). The erratic customs policy, increased uncertainty, inflation risks and the high level of debt, which is set to rise further in the future, represent an economic burden not only in the first half of 2025. The outlook for 2025 as a whole and subsequent years is also gloomy, accompanied by a high degree of forecasting uncertainty.

The commercial real estate markets are showing signs of recovery. Transaction volumes have risen slightly compared to the previous year, but are still at a low level by historical standards.

However, political and economic uncertainty is having an impact on the US real estate markets. High long-term interest rates due to persistent inflation and fiscal concerns are curbing investor demand. Commercial mortgages maturing in 2025 have risen significantly due to loan extensions. These extensions are likely to continue as a significant portion of loans maturing in 2025 are expected to roll over to 2026 and beyond. In addition to these potential refinancing difficulties, the US office market is still suffering from a historically high vacancy rate, which is hampering rental growth. (Source: CBRE)

In contrast, the recovery of the European commercial property markets should continue. This will be supported by lower inflation, the resulting low interest rate environment and slow but steady economic growth. Compared to the USA, the European markets are also benefiting from better fundamental data. Office vacancy rates, for example, are significantly lower than in the USA, which is resulting in positive rental growth. However, the recovery is likely to be slower than in previous cycles. One reason for this is the ongoing global political and economic uncertainties.

The stability of economic and political conditions is a necessary prerequisite for pbb Group's business activities. Neither is currently the case in the USA . As a result, pbb Group announced its withdrawal from the US market on 18 June 2025. Management Board and Supervisory Board of pbb have decided to sell, securitise or phase out the US portfolio in a value-preserving manner.

DEVELOPMENT IN EARNINGS

Deutsche Pfandbriefbank Group (“pbb Group”)

Against the backdrop of the withdrawal from the US market, net income from risk provisioning in the first half of 2025 was significantly higher than in the same period of the previous year at €-323 million (hereinafter "6m2024"; €-103 million). As a result, profit before tax totalled €-249 million (6m2024: €47 million). Profit before tax excluding net income from risk provisioning totalled €74 million (6m2024: €150 million).

A detailed breakdown of the results is provided below:

pbb Group

Income and expenses

in € million	1.1.–30.6.2025	1.1.–30.6.2024
Operating income	206	278
Net interest income	211	246
Net fee and commission income	4	3
Net income from financial instruments at fair value through profit or loss (Net income from fair value measurement)[1]	-16	-4
Net income from derecognition of financial instruments not measured at fair value through profit or loss (Net income from realisations)[1]	8	35
Net income from hedge accounting	2	6
Impairments on entities accounted for using the equity method	-11	-
Net other operating income	8	-8
Net income from allowances on financial assets (Net income from risk provisioning)[1]	-323	-103
General and administrative expenses	-115	-115
Expenses from bank levies and similar dues	-3	-3
Net income from write-downs and write-ups on non-financial assets	-11	-10
Net income from restructuring	-3	-
Profit/loss before tax	**-249**	**47**
Income taxes	7	-7
Net income/loss	**-242**	**40**
attributable to:		
Shareholders	-242	40

[1] Solely the condensed and parenthesised line item descriptions are used subsequently.

Net interest income totalled €211 million after €246 million in the same period of the previous year. In addition to the increase in refinancing costs, this decline is due to the lower average volume of real estate finance (REF) financing (€28.7 billion; 6m2024: €30.7 billion). At the same time, the average portfolio margin increased, which partially compensated for the volume-related decline in net interest income. This is in line with pbb Group's focus on higher-margin REF business. In addition, the average financing volume in the non-strategic Non-Core (NC) segment declined (€9.5 billion; 6m2024: €11.2 billion). No new business is concluded in NC.

Net fee and commission income resulted from non-accruable fees totalling €4 million (6m2024: €3 million).

Net income from fair value measurement (6m2025: €-16 million; 6m2024: €-4 million) was negatively impacted by valuation losses on financial assets in the USA as a result of the decision to withdraw from the US market. In the same period of the previous year, negative effects resulted from the increase in short and medium-term capital market interest rates at that time and from a portfolio transaction of financial assets in the USA and the UK .

Net income from realisations in the amount of €8 million was mainly attributable to the sale of financial assets and early repayment penalties. In the same period of the previous year (6m2024: €35 million), it mainly included income from the sale of financial assets in the NC segment and from the derecognition of liabilities.

Net income from hedge accounting was almost balanced at €2 million (6m2024: €6 million) due to largely effective hedging relationships. Minor effects resulted from different dates for the determination of interest rates for underlying and hedging transactions .

The impairment losses on companies accounted for using the equity method (€-11 million; 6m2024: €0 million) related to the associated company 161 North Clark Holdco LLC, New York, which was established in 2024 to take up salvage acquisitions. The write-down was in connection with the withdrawal from the US market .

Net other operating income (€8 million; 6m2024: €-8 million) benefited from positive currency translation effects. By contrast, the previous year's result was primarily attributable to expenses from currency translation.

At €-323 million, net income from risk provisioning was significantly more negative than in the first half of 2024 (€-103 million). The additions were attributable to financing without indicators of credit-impairment (stages 1 and 2) and with indicators of credit-impairment (stage 3). The impairments related in particular to property financing in the USA.

Of the additions to risk provisions for stage 3 financial assets totalling €253 million (6m2024: €100 million), €219 million was attributable to real estate financing in the USA. The main reason for this was the adjustment of the scenarios used to measure the risk provision with regard to the planned withdrawal from the US market. Assumptions for the realisation proceeds from the planned short-term disposal through the sale of the non-performing financing were taken into account. A smaller portion of the additions (€34 million) resulted from a small number of real estate financings in Europe.

Additions to risk provisions for stage 1 and 2 financial assets totalled €70 million (6m2024: €3 million). These additions consisted of model-based reversals totalling €4 million and the recognition of a management overlay of €75 million. The model-based reversals resulted in particular from the shortening of the remaining term due to the regular expiry of the financing. An accounting-related change in estimates in the form of an adjustment to the parameters for the point-in-time transformation also led to a reversal of €1 million. The management overlay was recognised because, in the view of pbb's Management Board, the model-based allowances for losses on loans and advances do not adequately reflect the current uncertainties and risks in the development of the economy and the US real estate finance markets described above. On the one hand, the management overlay comprises an adjustment of the model-based loss given default (LGD) ratios for the entire US business. The LGDs derived from long-term historical averages were replaced by current realisation estimates. On the other hand, US property loans without indicators of credit-impairment were collectively provided for in the amount of the lifetime expected credit losses and recognised as stage 2.

At €115 million, general and administrative expenses were on a par with the previous year (6m2024: €115 million). Personnel expenses (€67 million; 6m2024: €64 million) increased slightly compared to the first half of 2024 due to additions to provisions for termination benefits (6m2025: €1 million), which were offset by reversals in the first half of 2024 (6m2024: €-3 million). The number of employees declined slightly. In the reporting period, the average number of full-time employees was 783 (6m2024: 799). At €48 million, operating expenses were slightly below the previous year's figure (6m2024: €51 million) because IT expenses were lower following the successful internalisation of some IT services and a change of provider, and their decline more than offset the higher expenses for strategic initiatives.

Expenses for bank levies and similar expenses totalled €-3 million (6m2024: €-3 million) and were attributable to the Compensation Scheme of German Banks.

Net income from write-downs and write-ups of non-financial assets (€-11 million; 6m2024: €-10 million) resulted from scheduled depreciation and amortisation of property and equipment and intangible assets. The withdrawal from the US market at also resulted in impairment losses of less than €1 million on right-of-use assets from leases.

The restructuring result of €-3 million (6m2024: € 0 million) is attributable to personnel measures in connection with the withdrawal from the US market.

Of the income taxes (€7 million; 6m2024: €-7 million), €-6 million (6m2024: €-4 million) was attributable to current taxes and €13 million (6m2024: €-3 million) to deferred taxes.

Operating Segments

Real Estate Finance (REF)

The volume of new business (including extensions by more than one year) amounted to €2.6 billion (6m2024: €1.9 billion); of this amount €2.1 billion (6m2024: €1.3 billion) was attributable to extensions.

REF		1.1.–30.6.2025	1.1.–30.6.2024
Operating performance			
Operating income	in € million	191	227
Net interest income	in € million	201	229
Net fee and commission income	in € million	4	4
Net income from fair value measurement	in € million	-17	-3
Net income from realisations	in € million	4	-1
Net income from hedge accounting	in € million	2	4
Impairments on entities accounted for using the equity method	in € million	-11	-
Net other operating income	in € million	8	-6
Net income from risk provisioning	in € million	-323	-103
General and administrative expenses	in € million	-108	-109
Expenses from bank levies and similar dues	in € million	-2	-2
Net income from write-downs and write-ups of non-financial assets	in € million	-10	-9
Net income from restructuring	in € million	-3	-
Profit/loss before tax	**in € million**	**-255**	**4**
Key ratios			
Cost-income ratio[1]	in %	61.8	52.0
Balance-sheet-related measures		**30.6.2025**	**31.12.2024**
Financing volumes	in € billion	28.2	29.0
Risk-weighted assets[1]	in € billion	17.3	20.2
Equity[2]	in € billion	2.8	3.0

[1] Including risk-weighted credit risk positions as well as the capital requirements for market risk positions and operational risks scaled with the factor 12.5.
[2] Excluding AT1 capital.

Net interest income declined due to the increase in refinancing costs and the lower average portfolio volume (€28.7 billion; 6m2024: €30.7 billion). The decision to withdraw from the USA led to valuation losses on financial assets in net income from fair value measurement. The impairment losses on companies recognised using the equity method related to an associated company in the USA. The items net income from risk provisioning, general and administrative expenses, net income from write-downs and write-ups of non-financial assets and restructuring result developed in line with the consolidated result.

Non-Core (NC).

The financing volume fell to €9.1 billion in the first half of 2025 (31 December 2024: €9.7 billion).

NC		1.1.–30.6.2025	1.1.–30.6.2024
Operating performance			
Operating income	in € million	15	51
Net interest income	in € million	10	17
Net fee and commission income	in € million	-	-1
Net income from fair value measurement	in € million	1	-1
Net income from realisations	in € million	4	36
Net income from hedge accounting	in € million	-	2
Net other operating income	in € million	-	-2
Net income from risk provisioning	in € million	-	-
General and administrative expenses	in € million	-7	-6
Expenses from bank levies and similar dues	in € million	-1	-1
Net income from write-downs and write-ups of non-financial assets	in € million	-1	-1
Profit/loss before tax	**in € million**	**6**	**43**
Key ratios			
Cost-income ratio	in %	53.3	13.7
Balance-sheet-related measures		**30.6.2025**	**31.12.2024**
Financing volumes	in € billion	9.1	9.7
Risk-weighted assets[1)]	in € billion	0.2	0.2
Equity[2)]	in € billion	-	-

[1)] Including risk-weighted credit risk positions as well as the capital requirements for market risk positions and operational risks scaled with the factor 12.5.
[2)] Excluding AT1 capital.

Net interest income declined due to the lower average portfolio volume (€9.5 billion; 6m2024: €11.2 billion) and higher refinancing costs. Net income from realisations benefited only slightly from the sale of financial assets in the reporting period, while it benefited significantly from income from the sale of financial assets and the derecognition of liabilities in the first half of 2024.

Consolidation & Adjustments (C&A)

C&A reconciles the segment results with the consolidated result. No material income or expenses were recognised in the reporting period. All items in the income statement totalled less than € 1 million in the first half of 2025.

DEVELOPMENT IN ASSETS

Assets

in € million	30.6.2025	31.12.2024
Cash reserve	2,130	2,010
Financial assets at fair value through profit or loss	1,446	1,247
Positive fair values of stand-alone derivatives	571	484
Debt securities	128	127
Loans and advances to customers	744	633
Shares in investment funds qualified as debt instruments	3	3
Financial assets at fair value through other comprehensive income	1,233	1,256
Debt securities	1,232	1,255
Loans and advances to customers	1	1
Financial assets at amortised cost after credit loss allowances	37,158	39,225
Financial assets at amortised cost before credit loss allowances	37,942	39,764
Debt securities	2,118	2,471
Loans and advances to other banks	1,554	1,737
Loans and advances to customers	34,155	35,434
Claims from finance lease agreements	115	122
Credit loss allowances on financial assets at amortised cost	-784	-539
Positive fair values of hedge accounting derivatives	119	135
Valuation adjustment from portfolio hedge accounting (assets)	-37	-43
Investments accounted for using the equity method	1	14
Property and equipment	31	33
Intangible assets	47	51
Other assets	72	72
Current income tax assets	27	51
Deferred income tax assets	129	118
Total assets	**42,356**	**44,169**

Total assets decreased by €1.8 billion in the first half of 2025. The financial assets at fair value through profit or loss increased slightly due to planned syndications. The financial assets at amortised cost decreased in connection with a lower portfolio of reverse repurchase agreements, a lower portfolio of municipal loans and a lower REF portfolio volume. Furthermore, the non-strategic portfolio recorded a decline in the bond portfolio, which is attributable to sales and regular maturities.

DEVELOPMENT IN FINANCIAL POSITION

Liabilities and equity

in € million	30.6.2025	31.12.2024
Financial liabilities at fair value through profit or loss	546	700
Negative fair values of stand-alone derivatives	546	700
Financial liabilities measured at amortised cost	37,972	39,369
Liabilities to other banks	1,863	2,943
Liabilities to customers	17,699	18,091
Bearer bonds	17,520	17,732
Subordinated liabilities	890	603
Negative fair values of hedge accounting derivatives	541	493
Valuation adjustment from portfolio hedge accounting (liabilities)	-7	-2
Provisions	97	115
Other liabilities	55	63
Current income tax liabilities	9	10
Deferred income tax liabilities	1	2
Liabilities	**39,214**	**40,750**
Equity attributable to the shareholders of pbb	2,844	3,121
Subscribed capital	380	380
Additional paid-in capital	1,637	1,637
Retained earnings	940	1,227
Accumulated other comprehensive income	-113	-123
from pension commitments	-63	-73
from cash flow hedge accounting	-43	-41
from financial assets at fair value through OCI	-7	-9
Additional equity instruments (AT1)	298	298
Equity	**3,142**	**3,419**
Total equity and liabilities	**42,356**	**44,169**

Liabilities

Compared to the end of the previous year, there was a decrease in total liabilities. Liabilities to other banks fell within the financial liabilities measured at amortised cost. This was due to a decline in reverse repurchase agreements and the maturity of open market transactions with the ECB. In the area of liabilities to customers, public Pfandbriefe recorded a decline due to maturities. In addition, the deposit business in connection with pbb was managed directly in line with refinancing requirements, which led to a slight decline. Although the portfolio of mortgage Pfandbriefe increased, this was more than offset by maturities of other bonds and public Pfandbriefe. The new issue of a Tier 2 bond (€0.3 billion) and the simultaneous repurchase of existing Tier 2 bonds in June led to a temporary increase in subordinated liabilities as at 30 June 2025, as the new issue was recognised on the trading day in June and the repurchase on the exercise date in July.

Equity

The development of equity is disclosed in the note "Equity".

Funding

pbb Group placed a new long-term funding volume of €1.9 billion (6m2024: €1.2 billion) on the market in the first half of 2025. This was offset by no repurchases (6m2024: €0.7 billion). At €1.6 billion (6m2024: €1.2 billion), mortgage Pfandbriefe, which were issued both in benchmark format and in the form of private placements, accounted for the lion's share of the refinancing volume. A subordinated bond totalling €0.3 billion (6m2024: €0.0 billion) was also issued. Most of the transactions were denominated in euros. Open interest rate positions are generally hedged by swapping fixed interest rates for variable interest rates. In order to minimise the currency risk between assets and liabilities, Pfandbriefe with an equivalent value of €0.1 billion were issued in Swedish kronor. The foreign currency was converted into euros at the exchange rate applicable at the time of issue. As in the same period of the previous year, the unsecured refinancing was fully covered by lower-cost deposits from private clients (pbb direct).

Unsecured funding is balanced in the portfolio between retail deposits (€7.5 billion compared to €7.6 billion as at 31 December 2024) and capital market funding.

Key Regulatory Capital Ratios

As at 30 June 2025 the CET1 ratio amounted to 15.3% (31 December 2024: 14.4%), the own funds ratio to 18.0% (31 December 2024: 17.2%) and the leverage ratio to 7.3% (31 December 2024: 7.5%). Please refer to the Risk and Opportunity Report (“Key Regulatory Capital Ratios” section) for further information on the key regulatory capital ratios.

Liquidity

As at 30 June 2025, the Liquidity Coverage Ratio was 330% (31 December 2024: 200%).

The maturity structure is disclosed in note “Maturities of specific financial assets and liabilities”.

Ratings

In the first half of 2025, the following changes occurred with regads to pbb's mandated ratings:

Following the ad-hoc announcements on the withdrawal from the US market and on advanced acquisition talks in Real Estate Investment Management on 18 June 2025, S&P affirmed the Bank's ratings on 24 June 2025 with a stable outlook. The rating agency had already raised the previously negative rating outlook to stable on 11 March 2025. At the time, the outlook was raised primarily due to the expected improvement in portfolio quality.

	30.6.2025		31.12.2024	
Senior Unsecured Ratings and Ratings of Pfandbriefe der Deutsche Pfandbriefbank AG (pbb) [1]	Standard & Poor's	Moody's	Standard & Poor's	Moody's
Long-term issuer rating/outlook	BBB-/stable	-	BBB-/negative	-
Short-term issuer rating	A-3	-	A-3	-
Long-term senior “preferred” unsecured debt rating[2]	BBB-	-	BBB-	-
Long-term senior “non-preferred” unsecured debt rating[3]	BB-	-	BB-	-
Mortgage Pfandbriefe	-	Aa1	-	Aa1
Public Sector Pfandbriefe	-	Aa1	-	Aa1

[1] The overview does not include all ratings/outlooks.
[2] S&P: “Senior Unsecured Debt”.
[3] S&P: “Senior Subordinated Debt”.

Rating agencies may alter or withdraw their ratings at any time. Ratings of individual securities issued by pbb may deviate from the ratings indicated above, or an individual security may not be rated at all. For the evaluation and usage of ratings, please refer to the rating agencies' pertinent criteria and explanations and the relevant terms of use, which are to be considered. Ratings should not serve as a substitute for personal analysis. They do not constitute a recommendation to purchase, sell or hold securities issued by pbb.

MATERIAL RELATED PARTY TRANSACTIONS

No material transactions with related parties pursuant to IAS 24.9 were entered into during the first half of 2025.

Risk and Opportunity Report

The Risk and Opportunity Report shows the identified risks and the opportunities for the individual risk types within the framework of the implemented risk management and risk controlling system.

This report only comprises risks and opportunities including a general description of the Company's risk management organisation, or a description of definitions, methods, management and measurement of particular types of risk, to the extent that there were changes during the period under review in comparison to the Risk and Opportunity Report provided in the 2024 Annual Report. For more details, please refer to the disclosures in the Risk and Opportunity Report in the 2024 Annual Report.

ORGANISATION AND PRINCIPLES OF RISK AND CAPITAL MANAGEMENT

pbb Group has implemented a Group-wide risk management and risk control system, which provides for uniform risk identification, measurement and limitation in accordance with section 91 (2) of the German Public Limited Companies Act (Aktiengesetz – "AktG") and section 25a of the German Banking Act (Kreditwesengesetz – "KWG"). pbb applies an exemption according to section 2a (2) of the KWG. The exemption refers to the requirements concerning the risk control function pursuant to section 25a (1) sentence 3 nos. 1, 2, 3b and 3c of the KWG.

Organisation and Committees

Organisation of Chief Risk Officer (CRO)
30 June 2025

There was a change in the position of CRO in the first half of 2025.

On 1 June 2025, **Property Analysis & Valuation** was added to the CRO's management division. The tasks of this sector are described in the Risk and opportunity report in the 2024 Annual Report.

Chief Risk Officer (CRO)				
Risk Management & Control (RMC)	Property Analysis & Valuation (PAV)	Credit Risk Management (CRM)	Operations & Digitalisation	Compliance

Risk Strategy and Policies

The Risk Strategy 2025 was adopted by the Management Board in autumn 2024 - in line with the preparation of the business strategy - as part of the annual strategy preparation process for 2025, approved by the RLA and acknowledged by the Supervisory Board.

RISK TYPES

pbb Group distinguishes the following major risk types for its business activities:
- Credit risk (counterparty risk)
- Market risk
- Liquidity and Funding risk
- Operational risk
- Business and Strategic risk
- Environmental, social & governance risk
- Reputational risk
- Property risk

- Participation risk
- Pension risk

Compared to the previous year, the central counterparty risk is no longer considered material in the 2025 risk inventory and reputational risk is separated from operational risk and categorised as material.

Credit Risk (Counterparty Risk)

Credit Portfolio

The Group's aggregated EaD amounted to €42.1 billion as at 30 June 2025 (31 December 2024: €43.9 billion).

Overview of the Total Exposure of pbb Group:
The credit portfolio is broken down into two segments:

- Real Estate Finance (REF) and
- Non-Core (NC)

In addition "Consolidation & Adjustments (C&A)" shows besides the internal reconciliation and consolidation positions, the EaD for transactions which are not directly attributable to the operating segments. These are basically asset positions for asset and liability management.

EaD in C&A was fully attributable (100%; 31 December 2024: 100%) to EL classes 1 to 8; according to the internal classification, these are considered investment grade.

The pbb Group's total exposure (EaD) decreased by €1.8 billion compared with the end of the previous year. The share of EaD in the strategic REF segment declined by €1.1 billion, as repayments and currency effects exceeded new business. The non-strategic NC segment decreased by €0.6 billion due to repayments, sales and maturities. Detailed explanations of the changes can be found in the presentation of the respective segment.

Total portfolio: EaD according to operating segments

			Change	
in € billion	**30.6.2025**	**31.12.2024**	in € billion	in %
Real Estate Finance	28.6	29.7	-1.1	-3.7
Non-Core	9.6	10.2	-0.6	-5.9
Consolidation & Adjustments	3.9	3.9	-	-
Total	**42.1**	**43.9**	**-1.8**	**-4.1**

Risk Parameters

The expected loss (EL) for a time period of one year is calculated for the entire exposure, with the exception of non-performing loans for which a stage 3 impairment has already been recognised. The EL is calculated from the PD, LGD and EaD parameters specified by Basel IV. LGD is calculated using an internal model, which is not applied in the Pillar I calculation, however, as the pbb portfolio is not subject to the advanced IRB approach ("A-IRB").

As at 30 June 2025, the EL for the pbb Group amounted to €285 million (31 December 2024: €221 million). The increase in EL was mainly due to rating downgrades in the REF segment (primarily in the USA).

Total exposure: expected loss according to operating segments

in € million	30.6.2025	31.12.2024	Change in € million	Change in %
Real Estate Finance	284	220	64	29.1
Non-Core	1	1	-	-
Consolidation & Adjustments	-	-	-	-
Total	**285**	**221**	**64**	**29.0**

Future developments, such as changes in the economic environment or developments concerning individual risks, may result in changes to the EL figures set out above. Furthermore, actual losses incurred may differ from expected losses.

Regional Breakdown of the Portfolio The main focus of the exposure at the reporting date remained unchanged upon Western Europe. Germany continued to account for most of the overall exposure, with 43% or €18.1 billion (31 December 2024: 43% or €18.8 billion).

The largest item of the category "Other Europe" were the Netherlands with €1.2 billion (31 December 2024: €1.3 billion).

Total portfolio: EaD according to regions

in € billion	30.6.2025	31.12.2024	Change in € billion	Change in %
Germany	18.1	18.8	-0.7	-3.7
France	5.7	5.8	-0.1	-1.7
Austria	3.7	3.8	-0.1	-2.6
USA	3.7	4.2	-0.5	-11.9
Poland	2.0	1.9	0.1	5.3
Other Europe[1)]	1.9	2.0	-0.1	-5.0
United Kingdom	1.8	2.0	-0.2	-10.0
Spain	1.4	1.5	-0.1	-6.7
Sweden	1.2	1.2	-	-
Italy	0.6	0.5	0.1	20.0
Other[2)]	0.5	0.6	-0.1	-16.7
Czech Republic	0.5	0.6	-0.1	-16.7
Finland	0.5	0.5	-	-
Portugal	0.3	0.3	-	-
Hungary	0.2	0.2	-	-
Total	**42.1**	**43.9**	**-1.8**	**-4.1**

[1)] As of 30 June 2025 the category "Other Europe" comprises the Netherlands, Slovakia, Slovenia, Romania, Ireland, Belgium, Luxembourg, Switzerland, Latvia, and Denmark.
[2)] As of 30 June 2025 the category "Other" comprises mainly Supranationals and Canada.

Depending on the results of the internal rating process, maximum limits are defined for each segment in each individual country; these limits restrict the business activities. All country limits are monitored daily.

Real Estate Finance: €28.6 billion EaD

The REF segment comprises real estate loans and corresponding client derivatives. The EaD of the REF portfolio, which in comparison with the funding volume shown in the chapter "Development in Earnings" also includes undrawn credit lines – multiplied by a product-specific conversion factor – decreased by €1.1 billion to €28.6 billion compared to 31 December 2024.

In Germany, repayments exceeded new business in the first half of 2025. This resulted in a decline in exposure. Due to currency effects and repayments, there was also a reduction in exposure in the USA and the United Kingdom. There was a slight increase in exposure due to new business in Poland and Italy.

Real Estate Finance: EaD according to regions

in € billion	30.6.2025	31.12.2024	Change in € billion	Change in %
Germany	12.9	13.3	-0.4	-3.0
USA	3.7	4.2	-0.5	-11.9
France	3.4	3.4	-	-
Poland	2.0	1.9	0.1	5.3
United Kingdom	1.7	1.9	-0.2	-10.5
Other Europe[1)]	1.5	1.6	-0.1	-6.3
Sweden	1.2	1.2	-	-
Spain	0.6	0.6	-	-
Czech Republic	0.5	0.6	-0.1	-16.7
Finland	0.4	0.5	-0.1	-20.0
Austria	0.3	0.3	-	-
Italy	0.2	0.1	0.1	100.0
Hungary	0.2	0.2	-	-
Total	**28.6**	**29.7**	**-1.1**	**-3.7**

[1)] As of 30 June 2025 the category “Other Europe” comprises the Netherlands, Romania, Slovakia, Slovenia, Luxembourg, Switzerland and Belgium.

Repayments and currency effects exceeded new business in almost all property types. As a result, there was a decline in exposure there. Most new business was transacted in the retail category in the first half of 2025, followed by office buildings.

Real Estate Finance: EaD according to property type

in € billion	30.6.2025	31.12.2024	Change in € billion	Change in %
Office buildings	14.2	15.0	-0.8	-5.3
Logistics/Storage	5.1	5.2	-0.1	-1.9
Residential	4.9	5.1	-0.2	-3.9
Retail	3.0	3.1	-0.1	-3.2
Hotel/Leisure	0.6	0.7	-0.1	-14.3
Other	0.5	0.4	0.1	25.0
Mixed Use	0.2	0.2	-	-
Total	**28.6**	**29.7**	**-1.1**	**-3.7**

At 30 June 2025, investment financings continued to dominate the REF portfolio (94%; 31 December 2024: 93%); development financings accounted for 6% of EaD (31 December 2024: 7%). Investment financings are defined as real estate loans, the debt servicing ability of which largely depends upon current cash flows from the property.

Real Estate Finance: EaD according to loan type

in € billion	30.6.2025	31.12.2024	Change in € billion	Change in %
Investment financing	26.8	27.5	-0.7	-2.5
Development financing	1.7	2.2	-0.5	-22.7
Customer derivatives	0.1	0.1	-	-
Other	0.1	-	0.1	100.0
Total	**28.6**	**29.7**	**-1.1**	**-3.7**

Non-Core (NC): €9.6 billion EaD

The NC portfolio comprises pbb Group's non-strategic exposures.

EaD in the NC segment fell by €0.6 billion compared to the end of the previous year due to repayments, sales and maturities.

Non-Core: EaD according to regions

in € billion	30.6.2025	31.12.2024	Change in € billion	Change in %
Austria	3.4	3.5	-0.1	-2.9
Germany	2.2	2.6	-0.4	-15.4
France	2.2	2.3	-0.1	-4.3
Spain	0.7	0.7	-	-
Italy	0.4	0.4	-	-
Portugal	0.3	0.3	-	-
United Kingdom	0.1	0.1	-	-
Other[1]	0.1	0.1	-	-
Other Europe[2]	0.1	0.1	-	-
Total	**9.6**	**10.2**	**-0.6**	**-5.9**

[1] As of 30 June 2025 the category "Other" comprises mainly Supranationals and Canada.
[2] As of 30 June 2025 the category "Other Europe" comprises Belgium and the Netherlands.

EaD by counterparty structure is shown including regulatory permitted guarantees or other forms of credit support.

Non-Core: EaD according to counterparty structure

in € billion	30.6.2025	31.12.2024	Change in € billion	Change in %
Public sector borrowers	9.1	9.8	-0.7	-7.1
Financial institutions[1]	0.3	0.3	-	-
Companies/Special-purpose entities[2]	0.1	0.1	-	-
Total	**9.6**	**10.2**	**-0.6**	**-5.9**

[1] Mainly Spanish covered bonds.
[2] Largely collateralised by guarantees and surety bonds.

Structured Products

pbb Group's residual holding of a Mortgage-backed Security guaranteed by one regional government had a notional value of €0.1 billion as at 30 June 2025 (31 December 2024: €0.2 billion) and a current fair value of €0.1 billion (31 December 2024: €0.2 billion).

Breakdown of on-balance sheet and off-balance sheet business by rating class

The following tables provide a breakdown of gross carrying amounts of non-derivative financial assets (excluding cash funds), and of default risks in irrevocable loan commitments and contingent liabilities, by internal rating class and impairment level. The breakdown is in line with pbb Group's internal rating classes. The default definition follows Article 178 of the CRR.

Breakdown of non-derivative financial assets (excluding cash funds) by internal rating class and impairment level as at 30 June 2025

in € million	Stage 1	Stage 2	Stage 3	FVPL	**Total**
Class 1	8,002	-	-	174	8,176
Class 2	318	-	-	-	318
Class 3	976	-	-	-	976
Class 4	402	-	-	-	402
Class 5	587	-	-	-	587
Class 6	412	-	-	-	412
Class 7	2,239	-	-	-	2,239
Class 8	1,176	-	-	85	1,261
Class 9	810	-	-	3	813
Class 10	698	-	-	36	733
Class 11	692	81	-	-	773
Class 12	934	10	-	-	943
Class 13	1,321	48	-	-	1,369
Class 14	1,675	-	-	-	1,675
Class 15	2,140	105	-	-	2,245
Class 16	3,391	281	-	75	3,747
Class 17	3,254	547	-	-	3,801
Class 18	2,089	481	-	-	2,570
Class 19	701	803	-	179	1,683
Class 20	116	594	-	136	846
Class 21	22	867	-	7	896
Class 22	-	601	-	-	601
Class 23	-	504	-	23	527
Class 24	-	317	-	-	317
Class 25	-	175	-	-	175
Class 26	2	3	-	-	5
Class 27	-	62	-	-	62
Defaulted	-	-	1,752	157	1,910
Without rating	-	-	-	2	2
Total	**31,955**	**5,477**	**1,752**	**876**	**40,060**

Breakdown of non-derivative financial assets (excluding cash funds) by internal rating class and impairment level as at 31 December 2024

in € million	Stage 1	Stage 2	Stage 3	FVPL	**Total**
Class 1	8,334	-	-	177	8,511
Class 2	346	-	-	-	346
Class 3	1,196	-	-	-	1,196
Class 4	464	-	-	-	464
Class 5	930	-	-	-	930
Class 6	388	-	-	-	388
Class 7	1,359	-	-	-	1,359
Class 8	1,488	-	-	85	1,573
Class 9	907	2	-	3	913
Class 10	794	122	-	-	915
Class 11	1,594	-	-	11	1,604
Class 12	1,102	36	-	-	1,139
Class 13	1,977	185	-	-	2,162
Class 14	1,949	249	-	-	2,198
Class 15	2,960	472	-	-	3,432
Class 16	3,241	628	-	70	3,939
Class 17	2,843	663	-	30	3,536
Class 18	1,731	637	-	-	2,368
Class 19	452	503	-	170	1,125
Class 20	120	446	-	141	707
Class 21	-	585	-	-	585
Class 22	-	223	-	-	223
Class 23	-	91	-	5	96
Class 24	-	56	-	-	56
Class 25	68	119	-	-	187
Class 26	-	9	-	-	9
Class 27	-	-	-	-	-
Defaulted	-	-	1,762	72	1,833
Without rating	-	-	-	14	14
Total	**34,244**	**5,026**	**1,762**	**777**	**41,808**

Breakdown of irrevocable loan commitments and contingent liabilities by internal rating class and impairment level as at 30 June 2025

in € million	Stage 1	Stage 2	Stage 3	FVPL	**Total**
Class 1	71	-	-	-	71
Class 2	-	-	-	-	-
Class 3	-	-	-	-	-
Class 4	20	-	-	-	20
Class 5	-	-	-	-	-
Class 6	-	-	-	-	-
Class 7	-	-	-	-	-
Class 8	40	-	-	-	40
Class 9	5	-	-	-	5
Class 10	44	-	-	27	71
Class 11	-	-	-	-	-
Class 12	-	6	-	-	7
Class 13	32	-	-	-	32
Class 14	87	-	-	-	87
Class 15	97	-	-	-	97
Class 16	41	14	-	6	61
Class 17	136	10	-	-	146
Class 18	85	-	-	-	85
Class 19	11	58	-	-	69
Class 20	147	7	-	9	163
Class 21	20	27	-	8	54
Class 22	-	22	-	-	22
Class 23	-	12	-	2	15
Class 24	-	12	-	-	12
Class 25	-	21	-	-	21
Class 26	-	-	-	-	-
Class 27	-	1	-	-	1
Defaulted	-	-	87	49	136
Without rating	-	-	-	5	5
Total	**836**	**190**	**87**	**107**	**1,219**

Breakdown of irrevocable loan commitments and contingent liabilities by internal rating class and impairment level as at 31 December 2024

in € million	Stage 1	Stage 2	Stage 3	FVPL	**Total**
Class 1	71	-	-	-	71
Class 2	-	-	-	-	-
Class 3	-	-	-	-	-
Class 4	20	-	-	-	20
Class 5	2	-	-	-	2
Class 6	-	-	-	-	-
Class 7	-	-	-	-	-
Class 8	40	-	-	-	40
Class 9	36	-	-	-	36
Class 10	2	-	-	-	2
Class 11	12	-	-	-	12
Class 12	75	-	-	-	75
Class 13	16	-	-	-	16
Class 14	47	7	-	-	55
Class 15	142	36	-	-	177
Class 16	137	14	-	40	192
Class 17	300	44	-	10	354
Class 18	76	57	-	-	133
Class 19	84	61	-	4	149
Class 20	-	3	-	-	3
Class 21	-	9	-	15	24
Class 22	-	27	-	-	27
Class 23	-	-	-	2	2
Class 24	-	-	-	-	-
Class 25	5	23	-	-	28
Class 26	-	-	-	-	-
Class 27	-	-	-	-	-
Defaulted	-	-	84	63	147
Total	**1,065**	**281**	**84**	**134**	**1,564**

Watchlist and Non-performing Loans

DEVELOPMENT OF WATCHLIST AND NON-PERFORMING LOANS OF PBB GROUP

	30.6.2025			31.12.2024			Change	
EaD in € million	REF	NC	**Total**[1)]	REF	NC	**Total**[1)]	in € million	in %
Workout loans	133	-	133	132	-	132	1	0.8
Restructuring loans	1,825	-	1,825	1,771	-	1,771	54	3.0
Non-performing loans	**1,958**	**-**	**1,958**	**1,903**	**-**	**1,903**	**55**	**2.9**
Watchlist loans	**1,203**	**14**	**1,218**	**1,207**	**18**	**1,225**	**-7**	**-0.6**

[1)] No exposure in C&A.

Watchlist and non-performing loans increased slightly by a net total of €48 million from 31 December 2024 to 30 June 2025.

Watchlist loans decreased by a total of €7 million in the reporting period. In the REF segment, exposures totalling €222 million were newly transferred to intensified handling. Of the watchlist loan portfolio as at 31 December 2024 financing amounting to €98 million was transferred to restructuring. Exposures totalling €121 million were repaid. In addition, there was a net exposure reduction of €7 million in REF and €3 million in NC, which included currency effects as well as increases and reductions.

Problem loans increased by a net total of €55 million in the reporting period.

In the REF segment, loans totalling €295 million were reclassified as problem loans. This related to the financing of an office property and a residential property in the USA, as well as one office property each in France and Germany. In total, several financings in Germany (mainly development financing) and one financing arrangement each in the Netherlands and the USA totalling €151 million were reduced during the period under review. In addition, there was an overall net exposure reduction of €89 million for existing exposures, which included increases and reductions as well as currency effects.

Of the portfolio of problem loans as at 30 June 2025, €879 million was attributable to the USA (31 December 2024: €878 million).

Market Risk

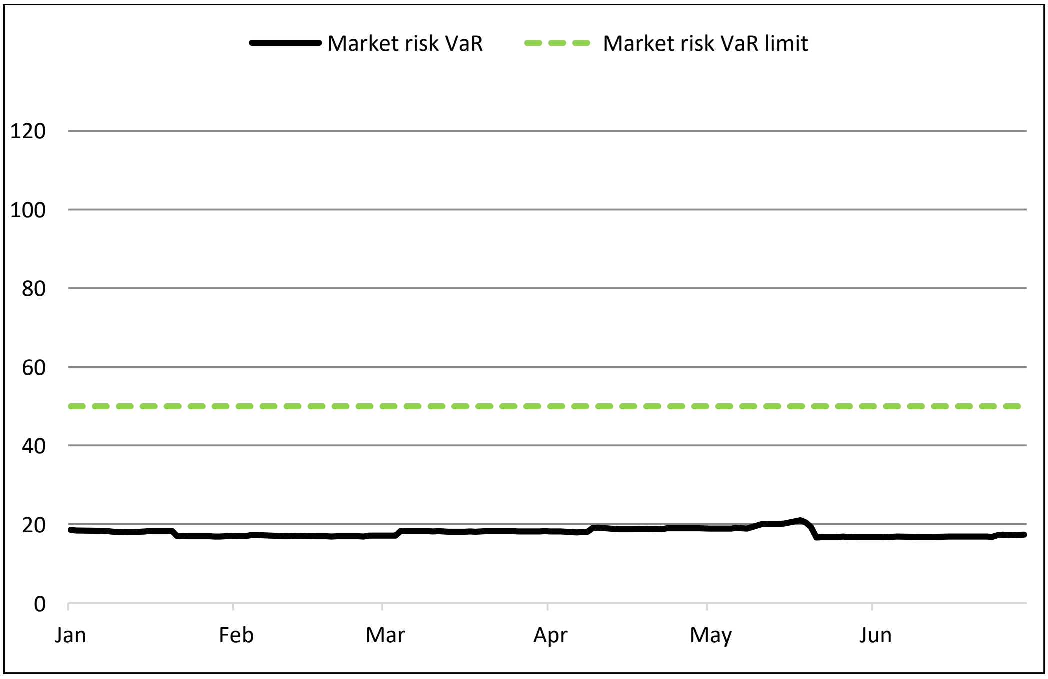
Market Risk Measurement and Limits

MARKET RISK VALUE-AT-RISK

At the end of June 2025, the market risk VaR, taking into account diversification effects between the individual market risk types, amounted to €17 million (year-end 2024: €19 million). The decline in the market risk VaR is primarily due to a decrease in interest rate risk (see below). The market risk VaR limit amounted to €50 million throughout the period from January to June 2025. There were no market risk VaR limit breaches in the reporting period.

The following chart illustrates the development of the market risk VaR compared to the market risk VaR limit over the course of the year:

Market risk VaR
and market risk VaR limit January to June 2025
in € million



INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

The consolidated IRRBB VaR of 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 €8 million as at the end of June 2025 (comparative figure at the end of December 2024: €13 million). The change in the IRRBB VaR was mainly caused by a decline in the general interest rate risk. In addition to limiting the market risk VaR, a daily limit is monitored for the IRRBB VaR (limit at the end of June 2025: €30 million).

GENERAL INTEREST RATE RISK
The general interest rate risk or gap risk amounted to €9 million as at the end of June 2025. The decrease of €13 million compared to the comparative figure at the end of December 2024 is primarily due to lower interest rate sensitivities compared to the end of 2024.

BASIS RISKS
Basis risks are defined as tenor basis spread and cross-currency basis spread risks. As at the reporting date, tenor basis spread risks totalling €2 million and cross-currency basis spread risks totalling €1 million were reported (comparative figures at the end of 2024: €1 million tenor basis spread risk and €1 million cross-currency basis spread risk).

FOREIGN CURRENCY RISKS
The foreign currency risk was influenced by foreign currency credit loss allowances. The resulting foreign currency risks were mitigated by means of forward currency transactions. The foreign currency risk therefore remained at a low level as at the end of June 2025. The VaR amounted to €0.2 million (comparative value at the end of 2024: €0.1 million).

VOLATILITY RISKS
Volatility risks amounted to €0.2 million at end of June 2025 (year-end 2024: €0.3 million).

CREDIT SPREAD RISK IN THE BANKING BOOK (CSRBB) IN ACCORDANCE WITH EBA/GL/2022/14
The CSRBB as defined by the guidelines for managing interest rate risks and credit spread risks in banking book transactions is determined without taking idiosyncratic factors into account. As a result, credit loss allowances have only an insignificant effect on the VaR. As at the end of June 2025, the CSRBB VaR was €19 million (comparative figure at the end of 2024: €24 million). The decline is due in particular to lower credit spread sensitivities as a result of repayments, sales and maturities of asset-side positions in the Non-Core segment. The CSRBB VaR limit throughout 2025 was €120 million.

BACK TESTING
The quality of the risk measurement methods in use is checked on an ongoing basis by comparing one-day VaR figures to the actual changes occurring in the portfolio’s present value on a daily basis. For the qualitative analysis of the risk model the Basel Capital Accord’s “traffic light” system is used. For this purpose, the number of outliers detected in backtesting within a period of 250 trading days are counted. In the 250 trading days up to June 2025, 1 outlier was observed for the market risk VaR, which is attributable to an exceptionally high interest rate increase at the beginning of March 2025. The risk model therefore has a green traffic light colour in accordance with the traffic light system of the Basel Capital Accord.

Liquidity and Funding Risk

Liquidity Risk Measurement and Limits
To manage liquidity risks, pbb has established a system for measuring and limiting short-term and medium-term variances within cash flows. This incorporates both contractual as well as optional cash flows. The data is subject to regular back-testing.

The liquidity position resulting from the liquidity reserve as well as contractual and optional cash flows is measured in different scenarios, with three liquidity positions being projected on a daily basis. The projections assume:
- unchanged market and funding conditions (base scenario),
- a risk scenario (modified [historic] stress scenario) and
- liquidity stress ([historic] stress scenario).

For instance, the risk and the (historic) stress scenario simulate possible client behaviour in “stress situations”. A monthly drawdown rate is determined for each (stress) scenario on the basis of expert estimates.

Liquidity risk triggers (early warning indicators) have been defined for a 24-month horizon in the base scenario. Limits in the risk and the (historic) stress scenario are applicable for a six- respectively three-month horizon.

Development of pbb Group's Risk Position

The cumulative liquidity position (liquid assets plus projected net cash flows) determined as part of the liquidity risk measurement process as at 30 June 2025 amounted to €4.4 billion for a twelve-month horizon in the base scenario Compared to 31 December 2024, there was an increase of €0.3 billion over the corresponding period. As at 30 June 2025, the cumulative liquidity position in the risk scenario in the 6-month forecast was €2.7 billion (31 December 2024: €2.7 billion). The cumulative liquidity position in the stress scenario in the 6-month forecast was €1.9 billion as at 30 June 2025 (31 December 2024: €1.8 billion).

Regulatory Liquidity Coverage Requirements (Liquidity Coverage Ratio - LCR)

The Liquidity Coverage Ratio (LCR) is calculated using the ratio of the liquidity buffer (liquid assets) to net liquidity outflows during a stress period of 30 days. A minimum LCR of 100% is mandatory in regulatory liquidity reporting.

The levels determined during the first half of 2025 were at any time clearly in excess of 100%. The Liquidity Coverage Ratio as at 30 June 2025 was 330%.

Operational Risk

Definition

According to CRR pbb defines the operational risk as follows: "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including in particular legal risk, model risk and ICT risk, but excluding strategic risk and reputational risk". The following sub-risk types are distinguished:

- Legal risk - exclusive misconduct
- Legal risk - misconduct (conduct risk)
- Model risk
- ICT risk
- Outsourcing risk (third party risk)

Organisation of Operational Risk Management

A consistent Group-wide framework is in place, governing responsibilities for managing operational risk based on the principle of the three lines of defence. In this context, heads of divisions – as risk owners –are responsible for managing operational risk, and for implementing risk-mitigating measures within the various business units (first line of defence). The second line of defence is represented in particular by the RMC division together with the Operational Risk (all operational risks), Validation & Model Risk Management (model risk) and Data Protection and Information Security (ICT risk) units, as well as the Compliance (compliance risks, legal risk - misconduct), Finance (outsourcing risk, tax risks), IT (ICT risk), Legal (legal risk - exclusive misconduct) and Corporate Office/Corporate Development (business continuity management (BCM)) units. Within RMC, the Operational Risk unit – as the overarching Second Line of Defence for all operational risks – is responsible for uniform processes, instruments and methods for identifying, assessing, quantifying, monitoring and reporting on operational risk. Internal Audit constitutes the third line of defence.

Risk Reports, Monitoring and Management of Operational Risk

Essential components of operational risk management are as follows: recording, reporting and analysing internal and external loss data, operational risk self-assessments (ORSA) and scenario-based analysis. A structured and central reporting system is used to inform Management Board and division heads, the Risk Committee and other supervisory bodies concerning risk events on a regular, timely and comprehensive basis. Reports are prepared both ad-hoc (where material risk events are escalated) as well as on a monthly basis (Group Risk Report), on a quarterly (Key Risk Indicator Report) or annual (Annual OpRisk Report) basis. Operational risk reporting encompasses material loss events and near-losses, root cause analyses, top risk issues, the development of risk indicators, development of capital requirements as well as the results from ORSA and scenario analyses.

Management of ICT risk and outsourcing risk is fully integrated into operational risk management, and thus into the pbb's risk and compliance structure. Risk management for ICT risk generally applies at process level. The annual protection requirement analysis, the quarterly reporting of relevant information and metrics such as the key performance indicators (KPIs) as well as the key risk indicators (KRIs), are all essential elements. Key elements of outsourcing risk management include the risk assessment of all outsourcing relationships, which is updated at least once a year for significant outsourcing and at least every three years for non-significant outsourcing, ongoing coverage by the Accountable Person for outsourcing, monitoring using suitable key risk indicators, and quarterly reporting to the Outsourcing Committee.

pbb Group uses models to quantify risks within the individual risk types, and to measure the fair value of financial instruments, which leads to model risks potentially incurred as a result of models which are incorrectly designed, implemented, or applied. To ensure that model risks are as low as possible, pbb has established a framework for model risk management.

Management of legal risk is aimed primarily at the prevention of losses which could be incurred if business activities of pbb Group are not documented with legal certainty. Wherever possible, a legally compliant organisation of business activities also serves to avoid legal disputes and to protect the integrity and reputation of pbb Group. In order to achieve this goal, the Legal department provides the entire pbb Group with a comprehensive, forward-looking business- and solution-oriented consultancy service. The Legal department assists business divisions by monitoring developments in the relevant legislation and case law, and reviews the effects of such developments on new and existing business. The results are discussed with the responsible divisions and/or in the Legal and Regulatory Risk Committee. The Legal Policy describes the roles and responsibilities of the Legal department within pbb Group and serves as a guideline for employees in the Legal department. Furthermore, the Legal department gives an assessment towards the Finance department whether provisions for pending legal cases have to be recognised. Moreover, the OpRisk loss database captures losses and provisions for legal risks which need to be seen in conjunction with operational risk events. Overall, legal risks - exclusive misconduct - are taken into consideration in the existing operational risk management framework, and are an integral part of, inter alia, the Key Risk Indicator Report, the Operational Risk Self-Assessment (ORSA), the analysis and reporting of risk events, as well as for determining economic capital.

ESG risks that have an impact on operational risk are integrated into operational risk management.

Risk Measurement

Please refer to the chapter “Internal Capital Adequacy Assessment Process (ICAAP)” for further details on the quantification of operational risk including legal risks – excluding misconduct – as well as the calculation results of the economic capital for operational risk.

The regulatory capital requirement for operational risk, which is calculated annually at the end of the year, was recalculated as at 31 March 2025 – taking into account the amended Capital Requirements Regulation ("CRR3") and the first-time application of the new standardised approach in accordance with Art. 312 et seq. CRR3 and resulted in €71 million (compared to €78 million in accordance with Art. 317 et seq. CRR as at 31 December 2024).

Operational Risk Profile of pbb Group

In the first half of 2025, pbb Group incurred a loss of €2.2 million due to operational risk (2024: €0.1 million).

Environmental, Social and Governance (ESG) risk

Compared to the description of ESG risk in the 2024 Annual Report, the following change occurred in the first half of 2025.

As of 30 June 2025, more than 86% (31 December 2024: 85%) of the real estate portfolio had undergone the so-called pbb "Green" scoring.

Reputational risk

Reputational risk is defined as a current or future threat to the institution's income, own funds or liquidity due to damage to its reputation. Reputational risk is covered by a capital buffer as part of the non-quantifiable or only partially quantifiable risk types.

Result of Risk-bearing Capacity Analysis

Normative Perspective

For a detailed description of the key regulatory capital ratios measured as at the reporting date (CET1 ratio, tier 1 ratio, own funds ratio, MREL and Leverage Ratio), please refer to the following chapter. The regulatory capital ratio requirements were met at all times during the reporting period. In the forward-looking medium-term analysis of the material capital ratios required by the supervisory authorities, these were above the internal limits in both the base scenario and the stress scenarios.

Economic Perspective

in € million	**30.6.2025**	**31.12.2024**	Change
Credit risk	1,038	1,017	21
Market risk	309	407	-98
Operational risk	79	80	-1
Business and strategic risk	42	87	-45
Property risk	-	-	-
Other risks	129	134	-5
Total before diversification effects	**1,596**	**1,725**	**-129**
Total after diversification effects	**1,554**	**1,666**	**-112**
Available financial resources before net hidden losses	2,535	2,786	-251
Net hidden losses	-59	-85	26
Available financial resources	**2,477**	**2,701**	**-224**
Excess capital	922	1,035	-113
Capital Adequacy Ratio in %	159	162	-3

From an economic perspective, the overall risk after diversification effects decreased slightly in the reporting period. The decline in economic capital from market risk, operational risk, business and strategic risk and other risks was partially offset by an increase in credit risk. The increase in economic capital in credit risk was driven by the deterioration in portfolio quality, particularly in the USA. The slight decline in other risks is mainly due to slightly lower unexpected losses of defaulted customers and ESG risk. The reported economic capital from business and strategic risks fell. This was partly due to an increase in the buffer initially recognised in the amount of the planned profits for the following four quarters and partly due to slightly improved portfolio conditions as at the reporting date. Market risk decreased primarily due to lower interest rate risks, driven among other things by new issues and a narrowing of own spreads. The economic capital for operational risk is calculated at least annually and has decreased due to the update of the input data used. There were still no properties in the property portfolio during the reporting period. The economic capital from investment risks in excess of the materiality limit is currently deducted when determining the available financial resources.

This is offset by the available financial resources, which decreased in the reporting period, primarily due to the expected net loss for the year. Compared to the end of 2024, the excess capital has decreased due to the reduced available financial resources and the internal capital adequacy ratio, defined as the ratio of available financial resources to diversified economic capital, fell slightly from 162% to 159%. Overall, the risk-bearing capacity was also demonstrated for the economic perspective as at the reporting date.

If the credit spreads or credit ratings of European public-sector borrowers deteriorate due to economic or political developments, a corresponding increase in counterparty risks and a reduction in the available financial resources due to an increase in net hidden losses and reduced equity is to be expected, regardless of any countermeasures. A further deterioration in the real estate markets would lead to a deterioration in the rating of the corresponding debtors and thus to a higher counterparty risk. In addition, a deterioration in funding spreads could have a negative impact on market risk.

Key Regulatory Capital Ratios

Together with the Capital Requirements Directive (CRD), the CRR forms the basis for determining regulatory capitalisation. In addition to the minimum capital ratios, the regulations also relate to the requirements for the eligibility of capital instruments and the mandatory calculation of regulatory capital in line with the accounting standard used. For this reason, the regulatory ratios are calculated on an IFRS basis.

With the approval of the ECB, the pbb Group utilises the waiver rule in accordance with Article 7 (3) CRR and is therefore exempt from determining the own funds requirements at the level of the individual institution.

With the entry into force of Basel IV on January 1, 2025, the calibration of risk-weighted position values using standardized risk parameters will no longer apply to the majority of commercial financing which is now subject to the Foundation Internal Rating Based Approach (F-IRB).

In order to improve the equity ratio, a new issue of €300 million was made in connection with the partial buy-back of two existing Tier 2 instruments. The new issue was settled on 4 July 2025 and is not yet eligible as at the half-year reporting date. Including the completed transaction in July, the pro forma own funds ratio would increase from 18.0% to 19.7% as at 30 June 2025.

The regulatory capital ratio requirements were met at all times during the half-year under review.

Own Funds

in € million	30.6.2025[1)]	31.12.2024[2)]
CET1	2,701	2,974
Additional Tier 1	298	298
Tier 1	2,998	3,271
Tier 2	187	273
Own Funds	**3,186**	**3,544**

1) Consideration of partial repurchases from two existing Tier II issues after termination and determination of redemption from the public tender.
2) After approval of the consolidated financial statements 2024 less AT1 coupon and appropriation of profit.

Risk-weighted assets (RWA)

in € million	30.6.2025	31.12.2024
Credit risk (without Counterparty credit risk)	16,352	19,300
Counterparty credit risk	305	307
Thereof CVA Charge	149	131
Market risk	125	43
Thereof interest rate risks	-	-
Thereof foreign exchange risks	125	43
Operational risk	886	980
RWA total	**17,668**	**20,630**

Capital ratios

in %	30.6.2025[1)]	31.12.2024[2)]
CET1 ratio	15.3	14.4
Tier 1 ratio	17.0	15.9
Own Funds ratio	18.0	17.2

[1)] Consideration of partial repurchases from two existing Tier II issues after termination and determination of redemption from the public tender.
[2)] After approval of the consolidated financial statements 2024 less AT1 coupon and appropriation of profit.

Leverage Ratio

in %	30.6.2025	31.12.2024[1)]
Leverage ratio	7.3	7.5

[1)] After approval of the consolidated financial statements 2024 less AT1 coupon and appropriation of profit.

Minimum Requirements for Own Funds and Eligible Liabilities (MREL)

As part of the European resolution and recovery regime, institutions are obliged to hold liabilities that can be converted into equity in the amount of the MREL ratio, including regulatory own funds. In the event of resolution, own funds and liabilities can be used for loss absorption and subsequent recapitalisation. There are clear limits to the possibility of converting liabilities (bail-in capability). In particular, there is the principle that no creditor may be placed in a worse position than through the regular insolvency proceedings (NCWO - Principle of No Creditor Worse Off). Furthermore, certain liabilities are excluded from conversion, for example deposits, insofar as they are secured by the national deposit protection fund. As part of the annual redefinition of the minimum requirements by the Single Resolution Board (SRB), several MREL requirements are defined. These relate to own funds and eligible liabilities on the one hand, and own funds and subordinated liabilities on the other. The leverage ratio exposure amount (LREA) on the one hand and the total risk exposure amount (TREA) on the other serve as benchmarks for the regulatory minimum requirements. Internal bank management is based on the highest requirement in each case. The MREL requirement in the half-year under review was exceeded by more than €1.3 billion (31 December 2024: €1.2 billion). With the entry into force of Basel IV on 1 January 2025 and the associated end of the aforementioned calibration, there was a decrease in the MREL requirement in relation to TREA and a corresponding increase in overfulfilment of the MREL requirement.

Report on Expected Developments

The forecasts for the future development of pbb Group represent estimates which have been made on the basis of the information available. If the assumptions underlying the forecasts do not materialise, or if risks and opportunities do not materialise to the extent calculated, the actual results may deviate from the expected results.

The individual opportunities and risks that may have a positive or negative impact on pbb Group's future development in assets, financial position and earnings are set out on pages 81 to 85 of the Annual Report 2024.

A necessary prerequisite for pbb Group's business activities is the stability of the economic and political environment. In the first half of 2025, the economic position in Germany and Europe stabilised, while significantly increased volatility was observed in the US. As a result, pbb Group announced its withdrawal from the US market in an ad-hoc announcement on 18 June 2025. Management Board and Supervisory Board of pbb have decided to sell, securitise or phase out the US portfolio in a value-preserving manner. As a result, the forecast for the current financial year has been withdrawn. The impending withdrawal has led to extraordinary expenses in the second quarter of 2025, which is expected to result in a net loss for the full year 2025.

pbb Group now assumes that the financial key performance indicators for the full year 2025 will develop as follows:

	Initial situation (financial year 2024)	Updated forecast (financial year 2025)	Original forecast (financial year 2025)
New business volume Real Estate Finance[1)]	€5.1 billion	unchanged €6.5 billion to €7.5 billion	€6.5 billion to €7.5 billion
Financing volumes Real Estate Finance	€29.0 billion	€28.0 billion to €29.0 billion	€28.5 billion to €29.5 billion
Profit before tax	€104 million	significantly below the 2024 figure	significantly above the value for 2024
Cost-Income-Ratio	48.9%	significantly above the 2024 figure	47% to 53%
Return on tangible equity before tax	2.7%	significantly below the 2024 figure	3.5% to 4.5%
CET1 Ratio	14.4%	14.0% to 15.5% (under Basel IV)	significantly above the 2024 value (under Basel IV)

1) Including prolongations of longer than one year.

The (negative) profit before tax should be predominantly attributable to the REF segment in 2025.

With regard to risk-bearing capacity, the aim of the normative perspective is to ensure that regulatory minimum capital ratios are complied with even under an adverse economic scenario. With regard to the economic perspective, pbb Group aims to ensure that the capital available to cover the risks adequately and permanently exceeds the economic capital requirement.

Condensed Consolidated Interim Financial Statements

Income Statement

Income statement

in € million	Note	1.1.–30.6.2025	1.1.–30.6.2024
Net interest income	5	211	246
thereof: interest income from financial instruments not measured at fair value through profit or loss (IAS 1.82a)		774	1,035
Net fee and commission income	6	4	3
Net income from financial instruments at fair value through profit or loss (net income from fair value measurement)[1)]	7	-16	-4
Net income from derecognition of financial instruments not measured at failr value through profit or loss (net income from realisations)[1)]	8	8	35
Thereof: from financial assets at amortised cost		7	9
Net income from hedge accounting	9	2	6
Impairments on entities accounted for using the equity method	10	-11	-
Net other operating income	11	8	-8
Net income from allowances for credit losses on financial assets (net income from risk provisioning)[1)]	12	-323	-103
General and administrative expenses	13	-115	-115
Expenses from bank levies and similar dues	14	-3	-3
Net income from write-downs and write-ups of non-financial assets	15	-11	-10
Net income from restructuring	16	-3	-
Profit/loss before tax		**-249**	**47**
Income tax	17	7	-7
Net income/loss		**-242**	**40**
attributable to: Shareholders		-242	40

[1)] Solely the condensed and parenthesised line item descriptions are used subsequently.

Earnings per share

in €	Note	1.1. - 30.6.2025	1.1. - 30.6.2024
Basic earnings per share	18	-1.90	0.20
Diluted earnings per share	18	-1.90	0.20

Statement of Comprehensive Income

Consolidated statement of comprehensive income

in € million	1.1.- 30.6.2025	1.1.- 30.6.2024
Net income/loss	**-242**	**40**
Accumulated other comprehensive income	10	-9
Items that will not be reclassified to profit or loss, net of tax	10	7
Gains/losses on pension commitments, before tax	11	8
Income tax relating to items that will not be reclassified to profit or loss	-1	-1
Items that may be reclassified to profit or loss, net of tax	-	-16
Gains/losses on cash flow hedge accounting, before tax	-2	-7
unrealised gains/losses	-	-
gains/losses reclassified to profit or loss	-2	-7
Gains/losses on financial assets at fair value through other comprehensive income, before tax	2	-11
unrealised gains/losses	2	-11
gains/losses reclassified to profit or loss	-	-
Income tax relating to items that may be reclassified to profit or loss	-	2
Comprehensive income for the period	**-232**	**31**
attributable to: Shareholders	-232	31

Statement of Financial Position

Assets

in € million	Note	30.6.2025	31.12.2024	1.1.2024
Cash reserve		2,130	2,010	2,728
Financial assets at fair value through profit or loss	19	1,446	1,247	944
Positive fair values of stand-alone derivatives		571	484	494
Debt securities		128	127	123
Loans and advances to customers		744	633	324
Shares in investment funds qualified as debt instruments		3	3	3
Financial assets at fair value through other comprehensive income	20	1,233	1,256	1,475
Debt securities		1,232	1,255	1,354
Loans and advances to customers		1	1	121
Financial assets at amortised cost after credit loss allowances	21	37,158	39,225	45,228
Financial assets at amortised cost before credit loss allowances		37,942	39,764	45,811
Debt securities		2,118	2,471	4,014
Loans and advances to other banks		1,554	1,737	2,507
Loans and advances to customers		34,155	35,434	39,155
Claims from finance lease agreements		115	122	135
Credit loss allowances on financial assets at amortised cost		-784	-539	-583
Positive fair values of hedge accounting derivatives	22	119	135	251
Valuation adjustment from porfolio hedge accounting (assets)		-37	-43	-56
Investments accounted for using the equity method		1	14	-
Property and equipment	23	31	33	20
Intangible assets		47	51	53
Other assets		72	72	68
Current income tax assets		27	51	43
Deferred income tax assets		129	118	129
Total assets		**42,356**	**44,169**	**50,883**

Liabilities and equity

in € million	Note	30.6.2025	31.12.2024	1.1.2024
Financial liabilities at fair value through profit or loss	24	546	700	662
Negative fair values of stand-alone derivatives		546	700	662
Financial liabilities measured at amortised cost	25	37,972	39,369	45,913
Liabilities to other banks		1,863	2,943	6,079
Liabilities to customers		17,699	18,091	18,829
Bearer bonds		17,520	17,732	20,402
Subordinated liabilities		890	603	603
Negative fair values of hedge accounting derivatives	26	541	493	789
Valuation adjustment from porfolio hedge accounting (liabilities)		-7	-2	-49
Provisions	27	97	115	117
Other liabilities	28	55	63	68
Current income tax liabilities		9	10	18
Deferred income tax liabilities		1	2	-
Liabilities		**39,214**	**40,750**	**47,518**
Equity attributable to the shareholders of pbb	29	2,844	3,121	3,067
Subscribed capital		380	380	380
Additional paid-in capital		1,637	1,637	1,637
Retained earnings		940	1,227	1,162
Accumulated other comprehensive income		-113	-123	-112
Additional equity instruments (AT1 capital)		298	298	298
Equity		**3,142**	**3,419**	**3,365**
Total equity and liabilities		**42,356**	**44,169**	**50,883**

Statement of Changes in Equity

Statement of changes in equity

in € million	Subscribed capital	Additional paid-in capital	Retained earnings	Pension commit-ments	Cash flow hedge accounting	financial assets at fair value through OCI	Additional equity instruments (AT1 capital)	Equity
	Equity attributable to the shareholders			Accumulated other comprehensive income (OCI) from:				
Balance at 1.1.2024	**380**	**1,637**	**1,162**	**-70**	**-30**	**-12**	**298**	**3,365**
Distribution (dividend)	-	-	-	-	-	-	-	-
Payment on AT1 capital	-	-	-25	-	-	-	-	-25
Comprehensive income for the period	-	-	40	7	-6	-10	-	31
Net income	-	-	40	-	-	-	-	40
OCI for the period, after taxes	-	-	-	7	-6	-10	-	-9
Balance at 30.6.2024	**380**	**1,637**	**1,177**	**-63**	**-36**	**-22**	**298**	**3,371**
Balance at 1.1.2025	**380**	**1,637**	**1,227**	**-73**	**-41**	**-9**	**298**	**3,419**
Distribution (dividend)	-	-	-20	-	-	-	-	-20
Payment on AT1 capital	-	-	-25	-	-	-	-	-25
Comprehensive income for the period	-	-	-242	10	-2	2	-	-232
Net income/loss	-	-	-242	-	-	-	-	-242
OCI for the period, after taxes	-	-	-	10	-2	2	-	10
Balance at 30.6.2025	**380**	**1,637**	**940**	**-63**	**-43**	**-7**	**298**	**3,142**

Statement of Cash Flows (condensed)

Statement of cash flows (condensed)

in € million	**2025**	**2024**
Cash and cash equivalents at 1.1.	**2,010**	**2,728**
+/- Cash flows from operating acitivities	-161	-1,777
+/- Cash flows from investing acitivities	330	570
+/- Cash flows from financing acitivities	-49	-29
Cash and cash equivalents at 30.6.	**2,130**	**1,492**

Notes (condensed)

GNERAL INFORMATION

1. Principles

Deutsche Pfandbriefbank AG (pbb) has prepared the condensed consolidated interim financial statements as of 30 June 2025 in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 in accordance with IFRS Accounting Standards (IFRS). IFRS are the standards and interpretations adopted by the International Accounting Standards Board (IASB). Specifically, these are the IFRS Accounting Standards, the IAS Standards, the IFRIC Interpretations and the SIC Interpretations.

The condensed interim consolidated financial statements are based on the IFRS that have been adopted into European law by the European Commission as part of the endorsement process; in particular, the requirements of IAS 34 have been taken into account.

With the exception of certain regulations on fair value hedge accounting for a portfolio hedge of interest rate risks in IAS 39 Financial Instruments: Recognition and Measurement, all IFRSs which were published by the IASB and whose application is mandatory have been fully recognised by the European Union (EU). In accordance with the option under IFRS 9.7.2.21, Deutsche Pfandbriefbank Group (pbb Group) continues to apply the hedge accounting requirements in IAS 39 instead of the requirements in Chapter 6 of IFRS 9. In the context of fair value hedge accounting for a portfolio hedge of interest rate risks, the pbb Group utilises part of the relief permitted under European law. These condensed interim consolidated financial statements therefore comply with the IFRS applicable in the EU, but not with the entire IFRS adopted by the IASB.

The Risk and Opportunity Report of the Interim Group Management Report contains disclosures which are mandatory under IFRS 7.

The Management Board of pbb prepared these condensed consolidated interim financial statements on 5 August 2025 under the going-concern assumption and approved them for publication.

The following amendment to the accounting standards was applicable for the first time in the first half of 2025:
Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability: The amendment to IAS 21 is intended to help entities determine whether a currency can be exchanged for another currency and what accounting treatment to apply if it cannot be exchanged. As the pbb Group only has assets and liabilities in currently exchangeable currencies, the application of the amendment had no impact on the financial position and performance.

2. Consistency

The pbb Group applies the accounting policies consistently in accordance with the IFRS framework as well as IAS 1 and IAS 8. In the reporting period, the same accounting policies were applied as in the consolidated financial statements as at 31 December 2024.

In accordance with IAS 8.34, accounting estimates must be revised if the circumstances on the basis of which the estimate was made change or as a result of new information or increasing experience. The determination of credit loss allowances on financial instruments is based on accounting estimates. In 2025, the pbb Group made an accounting-related change in estimates for the measurement of credit loss allowances for non-credit-impaired financial instruments (stages 1 and 2).

The risk parameters probability of default (PD) and loss given default (LGD), among others, are used as a basis for determining the amount of stage 1 and 2 credit loss allowances. The longer-term view across economic cycles (through-the-cycle) is transformed into a point-in-time estimate of the current situation as required by IFRS 9.

For its REF business, the pbb Group has so far applied the three point-in-time transformation parameters 5-year swap rate per currency, development of collateral market values differentiated by property type and region, and unemployment rate An analysis carried out showed that the influence of the unemployment rate parameter on the probability of default has declined in recent years in a changed market environment – particularly against the background of New Work. It is no longer statistically significant and is therefore removed from the point-in-time transformation. It is therefore no longer used for the point-in-time transformation, but only the two parameters 5-year swap rate per currency and development of collateral market values differentiated by property type and region.

The accounting-related change in estimates resulted in a reversal of risk provisions and thus net income from risk provisioning in the amount of €1 million, which was attributable to financial assets.

3. Consolidation

A list of all consolidated and non-consolidated investments of pbb is included in pbb Group's Annual Report 2024 on page 330.

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, each domiciled in Atlanta/USA, were established. Alabama Four Asset Management LLC, Alabama Five Asset Management LLC and Alabama Six Asset Management LLC were included in the interim consolidated financial statements as at 30 June 2025 for the first time. Alabama Seven Asset Management LLC had no assets, liabilities or equity as at 30 June 2025, therefore it was not consolidated in the interim consolidated financial statements as at 30 June 2025.

In addition, pbb Invest GmbH, Munich, was established in March 2025, whose sole shareholder is pbb Beteiligungs GmbH, Munich, a wholly-owned subsidiary of pbb. The company's share capital amounts to € 25,000. As pbb Invest GmbH did not have any assets apart from the shareholder contribution as of the balance sheet date, it was not consolidated in these interim consolidated financial statements.

The interest in Eco Estate GmbH, Frankfurt am Main, which is not accounted for using the equity method due to its minor significance, was increased from 35% to 45% in January 2025.

4. Segment Reporting

Income/expenses

in € million		Real Estate Finance (REF)	Non-Core (NC)	Consolidation & Adjustments (C&A)	pbb Group
Operating income	1.1.-30.6.2025	191	15	-	206
	1.1.-30.6.2024	227	51	-	278
Net interest income	1.1.-30.6.2025	201	10	-	211
	1.1.-30.6.2024	229	17	-	246
Net fee and commission income	1.1.-30.6.2025	4	-	-	4
	1.1.-30.6.2024	4	-1	-	3
Net income from fair value measurement	1.1.-30.6.2025	-17	1	-	-16
	1.1.-30.6.2024	-3	-1	-	-4
Net income from realisations	1.1.-30.6.2025	4	4	-	8
	1.1.-30.6.2024	-1	36	-	35
Net income from hedge accounting	1.1.-30.6.2025	2	-	-	2
	1.1.-30.6.2024	4	2	-	6
Impairments on entities accounted for using the equity method	1.1.-30.6.2025	-11	-	-	-11
	1.1.-30.6.2024	-	-	-	-
Net other operating income	1.1.-30.6.2025	8	-	-	8
	1.1.-30.6.2024	-6	-2	-	-8
Net income from risk provisioning	1.1.-30.6.2025	-323	-	-	-323
	1.1.-30.6.2024	-103	-	-	-103
General and administrative expenses	1.1.-30.6.2025	-108	-7	-	-115
	1.1.-30.6.2024	-109	-6	-	-115
Expenses from bank levies and similar dues	1.1.-30.6.2025	-2	-1	-	-3
	1.1.-30.6.2024	-2	-1	-	-3
Net income from write-downs and write-ups of non-financial assets	1.1.-30.6.2025	-10	-1	-	-11
	1.1.-30.6.2024	-9	-1	-	-10
Net income from restructuring	1.1.-30.6.2025	-3	-	-	-3
	1.1.-30.6.2024	-	-	-	-
Profit/loss before tax	**1.1.-30.6.2025**	**-255**	**6**	**-**	**-249**
	1.1.-30.6.2024	**4**	**43**	**-**	**47**

Cost-Income-Ratio

in %		REF	NC	pbb Group
Cost-Income-Ratio[1]	**1.1.-30.6.2025**	61.8	53.3	**61.2**
	1.1.-30.6.2024	52.0	13.7	**45.0**

[1] The cost-income ratio is the ratio of total general and administrative expenses and net income from write-downs and write-ups of non-financial assets to operating income.

Balance-sheet-related measures

in € billion		REF	NC	C&A	pbb Group
Financing volumes[1]	**30.6.2025**	28.2	9.1	-	**37.3**
	31.12.2024	29.0	9.7	-	**38.7**
Risik-weighted assets[2]	**30.6.2025**	17.3	0.2	0.2	**17.7**
	31.12.2024	20.2	0.2	0.2	**20.6**
Equity[3]	**30.6.2025**	2.8	-	-	**2.8**
	31.12.2024	3.0	-	0.1	**3.1**

[1] Nominalia of the drawn parts of the loans extended and parts of the securities portfolio.
[2] Including weighted counterparty default risk positions and the capitalised amounts for market risk positions and operational risks, scaled by a factor of 12.5.
[3] Excluding AT1 capital.

NOTES TO THE INCOME STATEMENT

5. Net Interest Income

Net interest income

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Interest income	1,171	1,540
from financial assets at fair value through profit or loss	397	504
from financial assets at fair value through other comprehensive income	16	18
from financial assets at amortised cost	757	1,017
from other assets	1	1
Interest expenses	-960	-1,294
from financial liabilities held for trading	-421	-543
from financial liabilities measured at amortised cost	-517	-602
Hedge accounting derivatives (net)	-22	-148
Other liabilities	-	-1
Total	**211**	**246**

6. Net Fee and Commission Income

Net fee and commission income

in Mio. €	1.1.-30.6.2025	1.1.-30.6.2024
Fee and commission income	7	6
from financial assets at amortised cost and financial liabilties not at fair value through profit or loss	7	6
Fee and commission expenses	-3	-3
from financial assets at amortised cost and financial liabilties not at fair value through profit or loss	-3	-3
Total	**4**	**3**

7. Net Income from Fair Value Measurement

Net income from fair value measurement

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Net income from stand-alone derivatives	6	4
Interest derivatives	6	4
Foreign currency derivatives	-	-
Net income from other financial assets at fair value through profit or loss	-22	-8
from debt instruments	-22	-8
Debt securities	-2	-
Loans and advances	-20	-8
Total	**-16**	**-4**

8. Net Income from Realisations

Net income from realisations

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Income from derecognition of financial instruments	8	72
from financial assets measured at amortised cost	7	43
from financial liabilities measured at amortised cost	1	29
Expenses from derecognition of financial instruments	-	-37
from financial assets measured at amortised cost	-	-34
from liabilities measured at amortised cost	-	-3
Total	**8**	**35**

9. Net Income from Hedge Accounting

Net income from hedge accounting

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Net income from micro fair value hedge accounting	1	1
from hedged items	64	46
from hedging instruments	-63	-45
Net income portfolio fair value hedge accounting	1	5
from hedged items	-30	3
from hedging instruments	31	2
Total	**2**	**6**

10. Impairments on entities accounted for using the equity method

The impairment losses on companies accounted for using the equity method (€-11 million; 6m2024: €0 million) related to the associated company 161 North Clark Holdco LLC, New York, which was founded in 2024 to take up salvage acquisitions. The write-down was in connection with the withdrawal from the US market.

11. Net Other Operating Income

Net other operating income

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Net income from foreign currency translation	9	-5
Net income from provisions in non-lending business	-3	-1
Miscellaneous other operating income	2	-2
Total	**8**	**-8**

12. Net Income from Risk Provisioning

Net income from risk provisioning

in € million	1.1.-30.6.2025	1.1.-30.6.2024
From financial assets	-324	-104
Stage 1	-3	-3
Stage 2	-68	-1
Stage 3	-253	-100
Net income from provisions in off balance sheet lending business	1	1
Total	**-323**	**-103**

A management overlay of €75 million was recognised in the first half of 2025, as pbb's Management Board believes that the model-based allowance for credit losses does not adequately reflect the current uncertainties and risks in the development of the US economy and real estate financing markets. On the one hand, the management overlay comprises an adjustment of the model-based loss given default (LGD) ratios for the entire US business. The LGDs derived from long-term historical averages were replaced by current realisation estimates. Secondly, US property loans without indicators of credit-impairment were collectively measured in the amount of the lifetime expected credit losses and reported as stage 2.

13. General and Adminstrative Expenses

General and administrative expenses

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Personnel expenses	-67	-64
Wages and salaries	-55	-56
Social security expenses	-8	-8
Pension expenses and related employee benefit expenses	-4	-4
Other personnell expenses/income	-	4
Non-personnel expenses	-48	-51
Office and operating expenses	-3	-3
Consulting expenses	-13	-10
IT expenses	-22	-28
Other non-personnel expenses	-10	-10
Total	**-115**	**-115**

14. Expenses from Bank Levies and Similar Dues

Expenses from bank levies and similar dues

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Bank levies	-	-
Compensation scheme of German banks	-3	-3
Total	**-3**	**-3**

15. Net Income from Write-downs and Write-ups of Non-financial Assets

Net income from write-downs and write-ups of non-financial assets

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Depreciation	-10	-10
Tangible assets	-4	-3
Thereof: right-of-use of lease contracts	-3	-3
Intangible assets	-6	-7
Impairments	-1	-
Tangible assets	-1	-
Total	**-11**	**-10**

The withdrawal from the US market resulted in an impairment loss of less than €1 million on right-of-use assets from leases.

16. Net income from restructuring

Net income from restructuring

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Income from reversals of restructuring provisions	-	-
Expenses from additions to restructuring provisions	-3	-
Total	**-3**	**-**

17. Income Tax

Income tax

in € million	1.1.-30.6.2025	1.1.-30.6.2024
Current taxes	-6	-4
Deferred taxes	13	-3
Total	**7**	**-7**

18. Earnings per Share

Earning per share

		1.1.-30.6.2025	1.1.-30.6.2024
Net income attributable to shareholders of pbb	in € million	-242	40
Thereof attributable to the ordinary shareholders	in € million	-255	27
Thereof attributable to the AT1 investors	in € million	13	13
Average number of ordinary shares issued	pieces	134,475,308	134,475,308
Adjusted average number of ordinary shares issued pieces	pieces	134,475,308	134,475,308
Basic earnings per share	**in €**	**-1.90**	**0.20**
Diluted earnings per share	**in €**	**-1.90**	**0.20**

Earnings per share are calculated in accordance with IAS 33 by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares. Earnings are allocated on the assumption that interest on the AT1 capital is accrued pro rata temporis and that the discretionary AT1 coupon is serviced in full.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

19. Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss

in € million	30.6.2025	31.12.2024
Positive fair values of stand-alone derivatives	571	484
Shares in investment funds qualified as debt instruments	3	3
Debt securities	128	127
Bonds and notes	128	127
Public-sector issuers	87	87
Other issuers	41	40
Loans and advances to customers	744	633
Public-sector loans and advances	131	135
Real estate loans and advances	613	498
Total	**1,446**	**1,247**

20. Financial Assets at Fair Value Through Other Comprehensive Income

Financial Assets at Fair Value Through Other Comprehensive Income

in € million	30.6.2025	31.12.2024
Debt securities	1,232	1,255
Bonds and notes	1,232	1,255
Public-sector issuers	407	369
Other issuers	825	886
Loans and advances to customers	1	1
Public-sector loans and advances	1	1
Others	-	-
Total	**1,233**	**1,256**

21. Financial Assets at Amortised Cost After Credit Loss Allowances

Financial assets at amortised cost before credit loss allowances

in € million	30.6.2025	31.12.2024
Debt securities	2,119	2,471
Bonds and notes	2,119	2,471
Public-sector issuers	1,688	1,763
Other issuers	431	708
Loans and advances to other banks	1,553	1,737
Public-sector loans and advances	546	547
Investments in money	-	407
Other loans and advances to other banks	1,007	783
Loans and advances to customers	34,155	35,434
Public-sector loans and advances	6,577	6,907
Real estate loans and advances	27,534	28,491
Other loans and advances to customers	44	36
Claims from finance lease agreements	115	122
Total	**37,942**	**39,764**

Development in risk provisioning

in € million	1.1.2025	Net additions/ reversals	Use	Other	30.6.2025
Allowances for credit losses on financial assets	-539	-324	72	7	-784
measured at amortised cost	-539	-324	72	7	-784
Debt securities	-	-	-	-	-
Loans and advances to customers	-539	-324	72	7	-784
Provisions in the lending business	-4	1	-	-	-3
Total	**-543**	**-323**	**72**	**7**	**-787**

Credit loss allowances on financial assets at amortised cost

in € million	30.6.2025	31.12.2024
Stage 1	-27	-37
Loans and advances	-27	-37
Stage 2	-155	-91
Loans and advances	-155	-91
Stage 3	-602	-411
Loans and advances	-602	-411
Total	**-784**	**-539**

22. Positive Fair Values of Hedge Accounting Derivatives

Positive fair values of hedge accounting derivatives

in € million	30.6.2025	31.12.2024
Positive market values of hedge accounting derivatives	119	135
Total	**119**	**135**

23. Tangible Assets

Tangible assets include right-of-use assets from leases for land and buildings in the amount of €20 million (31 December 2024: €21 million).

24. Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss

in € million	30.6.2025	31.12.2024
Negative fair values of stand-alone derivatives	546	700
Total	**546**	**700**

25. Financial liabilities at Amortised Cost

Financial liabilities at amortised cost

in € million	30.6.2025	31.12.2024
Liabilities to other banks	1,863	2,943
Liabilities to central banks	-	502
Registered Mortgage Pfandbriefe	265	310
Registered Public Pfandbriefe	386	393
Other registered securities	182	193
Other liabilities to other banks	1,030	1,545
Liabilities to customers	17,699	18,091
Registered Mortgage Pfandbriefe	3,376	3,484
Registered Public Pfandbriefe	4,111	4,251
Other registered securities	1,808	1,840
Other liabilities to customers	8,404	8,516
Bearer bonds	17,520	17,732
Mortgage Pfandbriefe	11,259	10,699
Public Pfandbriefe	1,589	1,731
Other bearer bonds	4,672	5,302
Subordinated liabilities	890	603
Securitised subordinated liabilities	865	578
Non-securitised subordinated liabilities	25	25
Total	**37,972**	**39,369**

The new issue of a Tier 2 bond (€0.3 billion) and the simultaneous repurchase of existing Tier 2 bonds in June led to a temporary increase in subordinated liabilities as at 30 June 2025, as the new issue was recognised on the trading day in June and the repurchases on the exercise date in July.

26. Negative Fair Values of Hedge Accounting Derivatives

Negative fair values of hedge accounting derivatives

in € million	30.6.2025	31.12.2024
Negative market values of micro hedge accounting	541	493
Total	**541**	**493**

27. Provisions

Provisions

in € million	30.6.2025	31.12.2024
Provisions for pensions and other post employment defined benefit obligations	53	65
Restructuring provisions	3	-
Provisions for commitments and guarantees given	3	4
Other provisions	38	46
Total	**97**	**115**

pbb has hedged some of the risks from the defined benefit pension commitments by taking out reinsurance that qualifies under IAS 19. A discount rate of 3.90% (31 December 2024: 3.48%) was used to measure the defined benefit pension obligations. The other actuarial assumptions as at 30. Juni 2025 were unchanged compared to the consolidated financial statements for 2024.

Other provisions include provisions for variable remuneration of €11 million (31 December 2024: €19 million), for termination benefits of €12 million (31 December 2024: €12 million), for legal and tax risks of €4 million (31 December 2024: €3 million) and for legal expenses of €1 million (31 December 2024: €1 million).

Legal Risks (Litigation Risks)

Given the nature of business and international expansion of activities and the large number of relevant requirements and regulations, pbb is involved in litigation, arbitration and administrative proceedings in some countries. pbb recognises provisions for the uncertain obligations arising from these proceedings if the potential outflow of resources is sufficiently likely and the amount of the obligation can be estimated. The probability of outflow of resources, which often cannot be estimated with cer-tainty, is highly dependent on the outcome of the proceedings. The assessment of this probability and the quantification of the obligation are largely based on estimates. The actual liability can vary considerably from this estimate. Accounting for the indi-vidual legal procedure, pbb analyses developments of the individual case as well as of comparable cases. Depending on the significance and complexity of the respective case, pbb is drawing on its own expertise or opinions by external consultants and in particular by legal advisors. The provisions recognised for the proceedings are not reported separately as pbb believes that the outcome of the proceedings would be seriously compromised by their disclosure.

Moreover, no proceedings exist for which the Management Board believes the probability of an outflow of resources – or another impact on pbb Group's business activities – to be likely (or which are of material significance to pbb Group for other reasons) with an provision requirement in excess of €5 million. However, pbb is subject to prudential proceedings, which bear the risk of a material outflow of resources, or another impact on pbb Group's business activities.

28. Other liabilities

Other liabilities include lease liabilities in the amount of €19 million (31 December 2024:€19 million).

29. Equity

Equity decreased by €277 million in the first half of 2025. This was due in particular to the negative after-tax result of €-242 million. The AT1 coupon paid in April 2025 in the amount of €25 million and the dividends paid in June 2025 in the amount of €20 million also reduced retained earnings. The actuarial losses from pension obligations decreased by €10 million as the discount rate used to measure the pension obligations increased (30 June 2025: 3.90%; 31 December 2024: 3.48%). The accumulated other comprehensive income from financial assets at fair value through other comprehensive income increased by €2 million compared to the end of the previous year due to interest and credit-related effects.

The additional equity instruments include AT1 capital with a total nominal amount of €300 million less transaction costs of €2 million. The AT1 capital qualifies as equity as there is no obligation to repay or service it on an ongoing basis. The coupon for the current five-year interest period, which has been running since 28 April 2023, is 8.474%. The coupon payments are linked to certain conditions and are otherwise discretionary. The bond has no final maturity.

30. Maturities of Specific Financial Assets and Liabilities

Maturities of specific financial assets and liabilities (excluding derivatives)

in € million	not specified/ repayable on demand	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	more than 5 years	Total
						30.6.2025
Cash reserve	2,130	-	-	-	-	2,130
Financial assets at fair value through profit or loss	5	7	187	676	-	875
Debt securities	-	4	83	41	-	128
Loans and advances to customers	2	3	104	635	-	744
Shares in investment funds qualified as debt instruments	3	-	-	-	-	3
Financial assets at fair value through other comprehensive income	-	63	25	787	358	1,233
Debt securities	-	62	25	787	358	1,232
Loans and advances to customers	-	1	-	-	-	1
Financial assets at amortised cost before credit loss allowances	753	3,137	5,395	19,763	8,894	37,942
Debt securities	-	169	146	1,116	687	2,118
Loans and advances to other banks	709	2	-	250	593	1,554
Loans and advances to customers	44	2,963	5,239	18,339	7,570	34,155
Claims from finance lease agreements	-	3	10	58	44	115
Total financial assets	**2,888**	**3,207**	**5,607**	**21,226**	**9,252**	**42,180**
Financial liabilities at cost	1,298	1,595	6,737	18,518	9,824	37,972
Liabilities to other banks	359	362	350	507	285	1,863
Thereof: Registred bonds	-	45	198	375	217	835
Liabilities to customers	931	941	3,014	4,962	7,851	17,699
Thereof: Registred bonds	-	295	479	1,601	6,920	9,295
Bearer bonds	8	288	3,347	12,500	1,377	17,520
Subordinated liabilities	-	4	26	549	311	890
Total financial liabilities	**1,298**	**1,595**	**6,737**	**18,518**	**9,824**	**37,972**

Maturities of specific financial assets and liabilities (excluding derivatives)

in € million	not specified/ repayable on demand	up to 3 months	more than 3 months up to 1 year	more than 1 year up to 5 years	more than 5 years	Total
						31.12.2024
Cash reserve	2,010	-	-	-	-	2,010
Financial assets at fair value through profit or loss	4	65	95	599	-	763
Debt securities	-	-	87	40	-	127
Loans and advances to customers	1	65	8	559	-	633
Shares in investment funds qualified as debt instruments	3	-	-	-	-	3
Financial assets at fair value through other comprehensive income	-	74	76	507	599	1,256
Debt securities	-	74	76	506	599	1,255
Loans and advances to customers	-	-	-	1	-	1
Financial assets at amortised cost before credit loss allowances	825	3,894	5,851	19,826	9,368	39,764
Debt securities	-	75	178	1,392	826	2,471
Loans and advances to other banks	783	410	-	250	294	1,737
Loans and advances to customers	42	3,406	5,664	18,127	8,195	35,434
Claims from finance lease agreements	-	3	9	57	53	122
Total financial assets	**2,839**	**4,033**	**6,022**	**20,932**	**9,967**	**43,793**
Financial liabilities at cost	1,150	4,935	4,775	18,745	9,764	39,369
Liabilities to other banks	282	1,393	324	645	299	2,943
Thereof: Registred bonds	-	22	166	490	218	896
Liabilities to customers	859	1,799	2,240	5,119	8,074	18,091
Thereof: Registred bonds	-	297	467	1,691	7,121	9,576
Bearer bonds	9	1,727	2,201	12,416	1,379	17,732
Subordinated liabilities	-	16	10	565	12	603
Total financial liabilities	**1,150**	**4,935**	**4,775**	**18,745**	**9,764**	**39,369**

NOTES TO THE FINANCIAL INSTRUMENTS

31. Fair Values of Financial Instruments

Fair value hierarchy

in € million	Carrying amount	Fair Value	Level 1	Level 2	Level 3
					30.6.2025
Assets in the scope of IFRS 13	**42,049**	**41,360**	**5,163**	**8,569**	**27,628**
Measured at fair value in the statement of financial position	2,798	2,798	1,214	969	615
Financial assets at fair value through profit or loss	1,446	1,446	3	830	613
Positive fair values of stand-alone derivatives	571	571	-	571	-
Debt securities	128	128	-	128	-
Loans and advances to customers	744	744	-	131	613
Shares in investment funds qualified as debt instruments	3	3	3	-	-
Financial assets at fair value through other comprehensive income	1,233	1,233	1,211	20	2
Debt securities	1,232	1,232	1,211	20	1
Loans and advances to customers	1	1	-	-	1
Positive fair values of hedge accounting derivatives	119	119	-	119	-
Not measured at fair value in the statement of financial position	39,251	38,562	3,949	7,600	27,013
Cash reserve	2,130	2,130	2,130	-	-
Financial assets at amortised cost [1)]	37,158	36,432	1,819	7,600	27,013
Debt securities	2,118	2,060	814	972	274
Loans and advances to banks	1,554	1,546	978	539	29
Loans and advances to customers	33,371	32,707	27	5,970	26,710
Claims from finance lease agreements	115	119	-	119	-
Valuation adjustment from porfolio hedge accounting	-37	-	-	-	-
Liabilities in the scope of IFRS 13	**39,052**	**38,646**	**15,090**	**13,238**	**10,318**
Measured at fair value in the statement of financial position	1,087	1,087	-	1,087	-
Financial liabilities at fair value through profit or loss	546	546	-	546	-
Negative fair values of stand-alone derivatives	546	546	-	546	-
Negative fair values of hedge accounting derivatives	541	541	-	541	-
Not measured at fair value in the statement of financial position	37,965	37,559	15,090	12,151	10,318
Financial liabilities measured at amortised cost	37,972	37,559	15,090	12,151	10,318
Liabilities to other banks	1,863	1,840	359	933	548
Liabilities to customers	17,699	17,466	2	7,955	9,509
Bearer bonds	17,520	17,363	14,426	2,754	183
Subordinated liabilities	890	890	303	509	78
Valuation adjustment from porfolio hedge accounting	-7	-	-	-	-

[1)] Less credit loss allowances.

In the reporting period, the level allocation of financial assets at fair value through other comprehensive income changed from level 1 to level 2 in the amount of €20 million.

Fair value hierarchy

in € million	Carrying amount	Fair Value	Level 1	Level 2	Level 3 31.12.2024
Assets in the scope of IFRS 13	**43,830**	**43,021**	**5,065**	**9,444**	**28,512**
Measured at fair value in the statement of financial position	2,638	2,638	1,255	881	502
Financial assets at fair value through profit or loss	1,247	1,247	3	746	498
Positive fair values of stand-alone derivatives	484	484	-	484	-
Debt securities	127	127	-	127	-
Loans and advances to customers	633	633	-	135	498
Shares in investment funds qualified as debt instruments	3	3	3	-	-
Financial assets at fair value through other comprehensive income	1,256	1,256	1,252	-	4
Debt securities	1,255	1,255	1,252	-	3
Loans and advances to customers	1	1	-	-	1
Positive fair values of hedge accounting derivatives	135	135	-	135	-
Not measured at fair value in the statement of financial position	41,192	40,383	3,810	8,563	28,010
Cash reserve	2,010	2,010	2,010	-	-
Financial assets at amortised cost [1)]	39,225	38,373	1,800	8,563	28,010
Debt securities	2,471	2,386	1,033	1,216	137
Loans and advances to banks	1,737	1,728	746	945	37
Loans and advances to customers	34,895	34,133	21	6,276	27,836
Claims from finance lease agreements	122	126	-	126	-
Valuation adjustment from porfolio hedge accounting	-43	-	-	-	-
Liabilities in the scope of IFRS 13	**40,560**	**39,607**	**14,280**	**14,011**	**11,316**
Measured at fair value in the statement of financial position	1,193	1,193	-	1,193	-
Financial liabilities at fair value through profit or loss	700	700	-	700	-
Negative fair values of stand-alone derivatives	700	700	-	700	-
Negative fair values of hedge accounting derivatives	493	493	-	493	-
Not measured at fair value in the statement of financial position	39,367	38,414	14,280	12,818	11,316
Financial liabilities measured at amortised cost	39,369	38,414	14,280	12,818	11,316
Liabilities to other banks	2,943	2,903	282	1,001	1,620
Liabilities to customers	18,091	17,560	2	8,163	9,395
Bearer bonds	17,732	17,393	13,996	3,169	228
Subordinated liabilities	603	558	-	485	73
Valuation adjustment from porfolio hedge accounting	-2	-	-	-	-

[1)] Less credit loss allowances.

The fair value of financial assets at fair value through profit or loss with impaired credit quality is not model-based, but is determined on the basis of the individual cash flows of the individual asset estimated in the various scenarios.

Level 2 instruments disclosed at fair value at 30.6.2025

Mesurement methods	Observable parameter
Discounted cash flow methods	Euro zone inflation rates
	Reference interest rates
	Saisonalities of Euro zone inflation rates
	Spot market exchange rates
	Yield curves
Option pricing modells	Cap volatilities
	CMS Spread Options (strike price)
	CMS Spread Options (option price)
	Euro zone inflation rates
	Reference interest rates
	Saisonalities of Euro zone inflation rates
	Swaption volatilities
	Spot market exchange rates
	Exchange rate volatilities
	Yield curves

Level 3 instruments disclosed at fair value at 30.6.2025

Mesurement methods	Unobservable parameter	Parameter range
Discounted cash flow methods	PD/LGD model spread	+/-2 rating classes for PD; +/-0.1 for LGD
Proxy model	Proxy models	+/- triple standard deviation

The calculation of sensitivity is based on aternative assumptions for unobservable parameters for level 3 instruments, which are measured at fair value. These amounts were calculated independently from each other.

Non-observable spreads in a PD (probability of default)/LGD (loss given default) model are used for the valuation of drawings intended for syndication. The changes in spreads result in a change in fair value of €+6 million and €-13 million, respectively.

Alongside this, FVOCI securities and FVOCI receivables are valued using a proxy approach. In the alternative scenario, there were only slight changes (plus respectively minus less than €1 million).

Changes in level 3 instruments measured at fair value

in € million	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss
Balance at 1.1 2024	**187**	**10**	**-**
Profit or loss	-8	-	-
Additions	452	-	-
Disposals/repayments	-133	-6	-
Balance at 31.12. 2024	**498**	**4**	**-**
Balance at 1.1.2025	**498**	**4**	**-**
Profit or loss	-53	-	-
Additions	222	-	-
Disposals/repayments	-54	-2	-
Balance at 30.6.2025	**613**	**2**	**-**

On-balance sheet netting of derivatives which are settled through Eurex Clearing led to a reduction in total assets of €0.8 billion as at 30 June 2025 (31 December 2024: €1.0 billion).

OTHER NOTES

32. Contingent Liabilities and Other Commitments

Contingent liabilities and other commitments

in € million	30.6.2025	31.12.2024
Contingent liabilities	**93**	**99**
from guarantees and indemnities	93	99
Other financial commitments	**1,126**	**1,465**
Irrevocable loan commitments	1,121	1,465
Miscellaneous commitments	5	-
Commitments from bank levies	**51**	**51**
Collateral pledged	51	51
Total	**1,270**	**1,615**

As at the balance sheet date, the fair value of contingent liabilities amounted to €93 million (31 December 2024: €99 million) and irrevocable loan commitments to €1,100 million (31 December 2024: €1,437 million).

As at 30 June 2025, contingent assets amounted to €15 million (31 December 2024: €15 million), which are attributable to an asset claim.

Obligations from bank levies include cash collateral relating to irrevocable payment obligations to the Single Resolution Board (SRB) from the bank levy, the Deposit Protection Fund and the Compensation Scheme of German Banks. These result from the utilisation of the option not to pay contributions in full, but to make partial payments in the form of an irrevocable payment obligation by providing cash collateral. As at 30 June 2025, the collateral provided for the European bank levy amounted to €42 million (31 December 2024: €42 million), for the Deposit Protection Fund to €3 million (31 December 2024: €3 million) and for the Compensation Scheme of German Banks to €6 million (31 December 2024: €6 million). In addition, the pbb Group is obliged to make additional contributions upon request.

33. Relationship with Related Parties

No material transactions with related parties pursuant to IAS 24.9 were entered into during the reporting period.

34. Employees

Average number of employees	1.1.-30.6.2025	1.1.-31.12.2024
Employees (excluding apprentices)	821	831
Thereof: senior staff in Germany	16	16
Total	**821**	**831**

35. Report on Post-balance Sheet Date Events

There were no events after 30 June 2025 with a material impact on the development in assets, financial position and earnings of the pbb Group.

Munich, 5 August 2025

Deutsche Pfandbriefbank AG
The Management Board

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

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group in accordance with German accepted accounting principles, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Munich, 5 August 2025

Deutsche Pfandbriefbank AG
The Management Board

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

Review Report

To Deutsche Pfandbriefbank AG, Munich/Germany

We have reviewed the condensed interim consolidated financial statements, which comprise the balance sheet as at 30 June 2025, the statement of profit or loss and the statement of comprehensive income, the condensed statement of cash flows, the statement of changes in equity as well as selected explanatory notes, and the interim group management report of Deutsche Pfandbriefbank AG, Munich/Germany, for the period from 1 January to 30 June 2025, that are part of the half-year financial information under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IFRS Accounting Standards) applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors of the Company. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with the German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS Accounting Standards applicable to interim financial reporting, as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and other persons responsible for financial and accounting matters and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Deutsche Pfandbriefbank AG, Munich/Germany, have not been prepared, in material respects, in accordance with the IFRS Accounting Standards applicable to interim financial reporting, as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich/Germany, 6 August 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

[original German version signed by:]

Martin Kopatschek	Isabelle Maurer
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Future-oriented Statements

This report contains future-oriented statements in the form of intentions, assumptions, expectations or forecasts. These statements are based on the plans, estimates and predictions currently available to the management of pbb. Future-oriented statements therefore only apply on the day on which they are made. pbb Group does not undertake any obligation to update such statements in light of new information or future events. By their nature, future-oriented statements contain risks and factors of uncertainty. A number of important factors can contribute to actual results deviating considerably from future-oriented statements. Such factors include geopolitical crises, the condition of the financial markets in Germany, Europe and the USA, the possible default of borrowers or counterparties of trading companies, the reliability of our principles, procedures and methods for risk management as well as other risks associated with our business activity.

Imprint

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The German version of this Interim Report is the authoritative version and only the German version of the Group Interim Management Report and the Consolidated Interim Financial Statements were reviewed by the auditors.