

# **PayPal**

**PayPal 2 S.à r.l.**

**Pillar III Disclosure**

**31 December 2025**



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# 1 Introduction

PayPal 2 S.à r.l. (“PP2”) is the direct parent of PayPal (Europe) S.à r.l. et Cie, S.C.A. (“PayPal Europe”). PP2 qualifies as a Parent Financial Holding Company (“PFHC”) as defined under, the law of 5 April 1993 on the financial sector, as amended (“1993 Law”) by the Commission de Surveillance du Secteur Financier (“CSSF”).

On 18 October 2021, PP2 received an exemption from being licensed as a PHFC with the CSSF resulting in PayPal Europe to be the designated institution to perform all consolidated supervision on behalf of the consolidated group and PFHC. This consists of ensuring continued compliance of all regulatory requirements for continued authorisation which includes the consolidation and reporting obligations under Regulation (EU) 575/2013 – also known as Capital Requirements Regulation (“CRR”) – starting from 31 December 2021.

As at 31 December 2025, PayPal Europe is the sole undertaking in which is PP2 invested. Due to the nature of the business conducted by the parent entity, PP2, as exclusively a PFHC for PayPal Europe, the activity carried out at a consolidated level is similar to that of PayPal Europe itself. The information in this report relates to PP2 and PayPal Europe (hereafter, altogether “Bank”). Any content not disclosed is deemed not applicable or has no value to be disclosed at the reporting date. Amounts are in USD otherwise stated.

## 1.1 Governance

### PP2 Board of Managers

- Sean Byrne – Manager
- Steeves Oster – Manager until 1 August 2025
- Fabrice Borsello – Manager
- Fernando Valenzuela – Manager since 12 December 2025

### PayPal Europe Supervisory Board

#### *Internal non-executive members*

- Aaron Webster – EVP, Global Chief Risk Officer since 13 January 2025
- Samba Natarajan – SVP and GM, Europe since 24 April 2025

#### *External non-executive members*

- Norbert Becker (Chairperson)
- Dominique Reiniche
- Alain Kinsch

### PayPal Europe Authorised Management

- Sean Byrne – Chief Executive Officer, Authorised Manager
- Steeves Oster – Chief Financial Officer, Authorised Manager until 1 August 2025

- Fabrice Borsello – Chief Compliance Officer, Authorised Manager<sup>1</sup>
- Fernando Valenzuela – Chief Financial Officer, Authorised Manager since 10 December 2025

The management of the Bank's business and execution of its strategy are subject to a number of risks. Risks are formally reviewed by the Audit, Risk and Compliance Committee and appropriate processes are in place to monitor and mitigate them.

The Supervisory Board and Authorised Management have implemented an Enterprise Risk Management framework for identifying, analysing, monitoring and controlling the risks that they perceive to be the most critical to the business, as per the Bank's annual risk assessment. The Bank has various service level agreements with affiliated companies and the service level performance under these agreements is closely monitored by the Affiliate Services team.

The risk and capital planning policies and limits are set by the Supervisory Board and Authorised Management and monitored at regular meetings.

The Audit, Risk and Compliance Committee and Supervisory Board quarterly meetings are organized and entail the Bank's results of operations, financial position, business strategy and risk exposures. The Supervisory Board and Authorised Management consider that adequate systems and controls are in place regarding the Bank's profile and strategy and an appropriate array of assurance mechanisms, which are properly resourced and skilled.

The Bank also follows all applicable requirements and guidelines on sound capital and liquidity management as defined by the European Banking Authority's ("EBA") and the CSSF.

The Pillar III disclosures have been subject to the Bank's internal control framework, to ensure compliance with laws and regulations. These disclosures have been shared with the Audit, Risk and Compliance Committee for review and submission to the Supervisory Board for final approval. This report has not been audited by the Bank's external auditor.

## **1.2 Management Declaration**

In accordance with Article 435 1(e) of the CRR, the Supervisory Board confirmed that risk management systems in place are adequate with regard to the Bank's risk profile and strategy. The identification of the risks and the setup of a resilient and integrated control, monitoring and reporting environment is of the utmost

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<sup>1</sup> The Chief Compliance Officer serves as Authorised Manager responsible for the activities in scope of the Chief Risk Officer's responsibilities. It is worth noting that Mr. Borsello was appointed Chief Compliance Officer with effect from 30 May 2025; prior to that date, he served as the Chief Risk Officer. The Chief Risk Officer role has been held by Ms. Olga Slabari since the same date.

importance for the Management. This report is considered to be a comprehensive description of the risk environment.

## **2 Capital requirements**

### **2.1 Supervision**

PayPal Europe, as a credit institution, is subject to the prudential supervision of the CSSF.

As part of its prudential framework, an Internal Capital Adequacy Assessment Process (ICAAP) has been established, which comprises strategies and processes to assess and maintain, on an ongoing basis, the amounts, types, and distribution of internal capital considered adequate to cover the nature and level of risks to which it is or might be exposed. As at 31 December 2025, PayPal Europe met all applicable regulatory capital requirements.

#### **Capital adequacy**

The Bank shall, at all times and on an individual basis, maintain own funds in an amount no less than the minimum own funds requirements applicable to it.

As per CSSF Circular 14/593 as amended, the prudential reporting scheme regarding capital adequacy has been updated in order to make the Luxembourg prudential reporting scheme on capital adequacy compliant with the Common Reporting (“COREP”) scheme as defined by the EBA.

## EU CC1 - Composition of regulatory own funds

<i>in thousands of USD</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>		
Capital instruments and the related share premium accounts	1,365,658	615,658
<i>of which: Paid up capital</i>	1,301,598	551,598
<i>of which: Share premium</i>	64,060	64,060
Retained earnings	1,048,009	660,512
Accumulated other comprehensive income (and other reserves)	191,154	189,872
Minority interests (amount allowed in consolidated CET1)	13,593	15,998
Independently reviewed interim profits net of any foreseeable charge or dividend	200,000	-
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>2,818,414</b>	<b>1,482,039</b>
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>		
Additional value adjustments (negative amount)	(3,594)	(2,442)
<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(3,594)</b>	<b>(2,442)</b>
<b>Common Equity Tier 1 (CET1) capital</b>	<b>2,814,820</b>	<b>1,479,597</b>
<b>Additional Tier 1 (AT1) capital</b>	<b>-</b>	<b>-</b>
<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>2,814,820</b>	<b>1,479,597</b>
<b>Tier 2 (T2) capital</b>	<b>-</b>	<b>-</b>
<b>Total capital (TC = T1 + T2)</b>	<b>2,814,820</b>	<b>1,479,597</b>
<b>Total Risk exposure amount</b>	<b>15,353,447</b>	<b>5,032,299</b>
<b>Capital ratios and requirements including buffers</b>		
Common Equity Tier 1 capital	18.33%	29.40%
Tier 1 capital	18.33%	29.40%
Total capital	18.33%	29.40%
Institution CET1 overall capital requirements	9.65%	9.71%
of which: capital conservation buffer requirement	2.50%	2.50%
of which: countercyclical capital buffer requirement	1.53%	1.59%
of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.13%	1.13%
<b>Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements</b>	<b>8.33%</b>	<b>20.45%</b>
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	2,502	6,931
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
Cap on inclusion of credit risk adjustments in T2 under standardised approach	54,124	44,249

As at 31 December 2025, the Bank had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Bank financial condition, results of operations, liquidity, capital expenditures or capital resources.

As per the CRR requirements, the Bank's regulatory own funds consist of:

- Common Equity Tier 1 ("CET1") capital: Total shareholders' equity (incl. share capital, share premium, reserves and retained earnings), less prudential filters for additional valuation adjustments.
- Tier 1 capital: CET1 capital (the Bank has not issued any Additional Tier 1 capital ("AT1")). And
- Tier 2 capital: No Tier 2 instruments have been issued.

Additional Value Adjustments (“AVA”) are applied in accordance with Article 105 and deducted from Common Equity Tier 1 capital pursuant to Article 34 of the CRR, which forms part of the prudential filters on own funds, resulting in an impact of USD 3.59 million on CET1 in 2025; there were no restrictions applied to the Bank’s calculation of own funds as at 31 December 2025.

The increase of total risk weighted assets was driven by Regulation (EU) 2024/1623 (“CRR III”) regulatory changes amending the calculation of Operational risk exposure.

#### EU OVI – Overview of total risk exposure amounts (2025)

<i>in thousands of USD</i>	<i>Total risk exposure amounts (TREA) 31 December 2025</i>	<i>Total own funds requirements 31 December 2025</i>
Credit risk (excluding CCR)	4,266,283	341,303
<i>Of which the standardised approach</i>	4,266,283	341,303
Counterparty credit risk - CCR	63,659	5,093
<i>Of which other CCR</i>	63,659	5,093
Credit valuation adjustments risk - CVA risk	63,659	5,093
<i>Of which the simplified approach</i>	63,659	5,093
Position, foreign exchange and commodities risks (Market risk)	89,236	7,139
<i>Of which the Simplified standardised approach (S-SA)</i>	89,236	7,139
Operational risk	10,870,610	869,649
Amounts below the thresholds for deduction (subject to 250% risk weight)	6,255	500
<b>Total</b>	<b>15,353,447</b>	<b>1,228,276</b>

#### EU OVI – Overview of total risk exposure amounts (2024)

<i>in thousands of USD</i>	<i>Total risk exposure amounts (TREA) 31 December 2024</i>	<i>Total own funds requirements 31 December 2024</i>
Credit risk (excluding CCR)	3,486,723	278,938
<i>Of which the standardised approach</i>	3,486,723	278,938
Counterparty credit risk - CCR	94,395	7,552
<i>Of which credit valuation adjustment - CVA</i>	40,781	3,262
<i>Of which other CCR</i>	53,614	4,289
Securitisation exposures in the non-trading book (after the cap)	16,799	1,344
<i>Of which SEC-ERBA (including IAA)</i>	16,799	1,344
Position, foreign exchange and commodities risks (Market risk)	127,153	10,172
<i>Of which the standardised approach</i>	127,153	10,172
Operational risk	1,307,230	104,578
<i>Of which basic indicator approach</i>	1,307,230	104,578
Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	17,327	1,386
<b>Total</b>	<b>5,032,299</b>	<b>402,584</b>

The approach taken by the Bank to calculate the solvency ratio is described in the following paragraphs for each risk identified.

## **2.1.1 Credit risk**

The Bank elected the Standardised Approach for calculation of capital requirements for credit risk.

## **2.1.2 Market risk**

### **2.1.2.1 Coverage of positions risk associated with non-trading book business**

#### *Coverage risk of interest rate risk*

The Bank limits its net asset value exposure to interest rate risk by match-funding the duration of its assets and liabilities.

However, earnings are interest rate sensitive due to the structure of the Bank's statement of financial position whereby the liabilities (e.g., eMoney liabilities and other liabilities) are predominantly non-interest bearing as opposed to the assets which are predominantly interest bearing (i.e., cash and cash equivalents, or loans and advances to banks and customers).

#### *Coverage of the risk linked to price changes*

As at 31 December 2025, the Bank had USD 906,064 in equity positions and USD 1,999,986,793 in bonds positions.

The Bank limits its exposure to price change risk by investing in high quality liquid assets, with a contractual maturity below three (3) years for individual assets, as specified per its Banking and Investment Policy.

### **2.1.2.2 Coverage of foreign exchange risk**

Foreign exchange (FX) risk is covered by capital. A capital requirement for foreign exchange risk is applied if the overall net currency position exceeds 2% of the Bank's capital. As long as this 2% limit is not reached, no capital requirement is applied in respect of foreign exchange risk.

#### *Standardised method*

The capital requirement for foreign exchange risk shall be calculated in three (3) steps:

- First step: calculation of the net open position in a given currency.
- Second step: calculation of the overall net currency position.
- Third step: calculation of the capital requirement.

Net short and long positions in each currency other than the capital currency shall be translated at spot rates into the capital currency; they shall then be summed separately to form the total of the net short positions and the total of the net long positions respectively.

#### *Measures taken by the Bank to manage foreign exchange risk*

The Bank limits its foreign exchange risk by hedging exposures as explained in par. 3.3.3 “Management of currency risk” of this report.

Foreign exchange risk appetite limits are defined within the Foreign Exchange Management Policy.

The Bank’s hedging program is not designed or operated for trading or speculative purposes. Any strategy that could potentially expose the Bank to additional risk, rather than reducing risk (e.g., an option combination involving unequal amounts of purchased and written options with nonlinear payouts) is not permissible.

Under some circumstances, FX transactions that may be appropriate for PayPal may not fall within the guidelines contained in the Foreign Exchange Management Policy. Any such exception requires approval in advance by the Authorised Management prior to execution.

With regards to pricing in foreign currency, PayPal provides market foreign exchange rates which are quoted on the PayPal foreign exchange conversion product after PayPal adds its own spread or mark-up on the wholesale exchange rates.

Where the collateral is denominated in a currency that differs from that in which the underlying exposure is denominated, an adjustment reflecting currency volatility (“FX haircut”) shall be applied to the market value of collateral in order to take into account price volatility. There was no FX haircut applied for currency mismatches as at 31 December 2025.

### **2.1.3 Operational risk**

CRR III, effective 1 January 2025, introduced a standardised approach for the calculation of own funds requirements for operational risk, replacing the previous Basic Indicator Approach used under CRR II. The Bank applies the Business Indicator Approach (“BIA”) as set out in Part Three, Title III of the CRR III.

The Business Indicator is calculated based on a set of financial components – including interest, lease and dividend income, fee and commission income and expenses, and other operating income and expenses – to estimate the operational risk exposure of the institution. The Business Indicator is computed as the three-year average of the relevant subcomponents, with progressive risk weights applied to each bucket in accordance with Article 315 of the CRR.

The transition from the Basic Indicator Approach to the Business Indicator Approach resulted in a material increase in Pillar I capital requirements for Operational risk.

Notwithstanding the above, the Bank continues to meet the minimum capital requirements. Capital adequacy is monitored daily through compliance reports and reported in the monthly Operations, Compliance and Risk Committee.

The Bank's approach, as set out in the Internal Capital Policy, is to maintain at all times sufficient capital – in terms of amounts, types and distribution – to cover the nature and level of risks to which it is or might be exposed, while supporting the current and projected development of the business. The capital position is assessed on an ongoing basis through the ICAAP framework, in line with CSSF Circular 20/753 as amended.

During 2025, the Bank strengthened its capital position through a combination of accelerated profit recognition and capital injections from the PayPal Group. No additional capital injections are expected to be required to meet Pillar I requirements over the planning horizon.

## 2.1.4 Prudential Own Funds

### 2.1.4.1 Adequacy of internal capital

The following table sets out the Bank's Pillar 1 capital ratios on total risk exposure amount basis as at each quarter-end throughout 2025. Furthermore, in accordance with the Basel III capital accord and as per CSSF Circular 07/301 as amended, the Bank's ICAAP confirmed that sufficient capital was maintained to cover the risks taken throughout the year 2025.

#### EU KM1 – Key metrics template (2025)

<i>in thousands of USD</i>	31 December 2025	30 September 2025	30 June 2025	31 March 2025
<b>Available own funds (amounts)</b>				
Common Equity Tier 1 (CET1) capital	2,814,820	2,817,553	2,465,597	2,419,625
Tier 1 capital	2,814,820	2,817,553	2,465,597	2,419,625
Total capital	2,814,820	2,817,553	2,465,597	2,419,625
<b>Risk-weighted exposure amounts</b>				
Total risk exposure amount	15,353,447	15,449,122	15,168,673	15,008,877
Total risk exposure pre-floor	15,353,447	15,449,122	15,168,673	15,008,877
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>				
Common Equity Tier 1 ratio (%)	18.33%	18.24%	16.25%	16.12%
Common Equity Tier 1 ratio considering unfloored TREA (%)	18.33%	18.24%	16.25%	16.12%
Tier 1 ratio (%)	18.33%	18.24%	16.25%	16.12%
Tier 1 ratio considering unfloored TREA (%)	18.33%	18.24%	16.25%	16.12%
Total capital ratio (%)	18.33%	18.24%	16.25%	16.12%
Total capital ratio considering unfloored TREA (%)	18.33%	18.24%	16.25%	16.12%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>				
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.00%	2.00%	2.00%	2.00%
<i>of which: to be made up of CET1 capital (percentage points)</i>	1.13%	1.13%	1.13%	1.13%
<i>of which: to be made up of Tier 1 capital (percentage points)</i>	1.50%	1.50%	1.50%	1.50%
Total SREP own funds requirements (%)	10.00%	10.00%	10.00%	10.00%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>				
Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%
Institution specific countercyclical capital buffer (%)	1.53%	1.50%	1.48%	1.51%
Combined buffer requirement (%)	4.03%	4.00%	3.98%	4.01%
Overall capital requirements (%)	14.03%	14.00%	13.98%	14.01%
CET1 available after meeting the total SREP own funds requirements (%)	8.33%	8.24%	6.25%	6.12%



## EU KMI – Key metrics template (2024)

<i>in thousands of USD</i>	31 December 2024	30 September 2024	30 June 2024	31 March 2024
<b>Available own funds (amounts)</b>				
Common Equity Tier 1 (CET1) capital	1,479,597	1,476,268	1,474,507	1,472,747
Tier 1 capital	1,479,597	1,476,268	1,474,507	1,472,747
Total capital	1,479,597	1,476,268	1,474,507	1,472,747
<b>Total risk exposure amount</b>				
Total risk exposure amount	5,032,299	5,023,014	4,601,671	4,317,735
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>				
Common Equity Tier 1 ratio (%)	29.40%	29.39%	32.04%	34.11%
Tier 1 ratio (%)	29.40%	29.39%	32.04%	34.11%
Total capital ratio (%)	29.40%	29.39%	32.04%	34.11%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>				
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.00%	2.00%	2.00%	2.00%
<i>of which: to be made up of CET1 capital (percentage points)</i>	1.13%	1.13%	1.13%	1.13%
<i>of which: to be made up of Tier 1 capital (percentage points)</i>	1.50%	1.50%	1.50%	1.50%
Total SREP own funds requirements (%)	10.00%	10.00%	10.00%	10.00%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>				
Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%
Institution specific countercyclical capital buffer (%)	1.59%	1.59%	1.58%	1.49%
Combined buffer requirement (%)	4.09%	4.09%	4.08%	3.99%
Overall capital requirements (%)	14.09%	14.09%	14.08%	13.99%
CET1 available after meeting the total SREP own funds requirements (%)	20.45%	20.39%	23.04%	26.11%

### 2.1.4.2 Risk weighted assets breakdown

The table below shows the risk-weighted exposure amounts by exposure classes, as defined in the CRR and its subsequent updates on prudential requirements for credit institutions. The Bank entered into netting agreements with several entities. These agreements meet the International Financial Reporting Standards (“IFRS”) criteria for balance sheet offsetting. As at 31 December 2025, mutual claims between the Bank and these entities are effectively reported on a net basis in the statement of financial position. For further information on amounts netted as a result of these agreements, please refer to par. 3.2.3 “Credit risk mitigation technique” of this report. Risk adjusted amounts correspond to amounts after application of a risk conversion factor and credit risk mitigation techniques.

The total capital requirement applicable to the Bank amounts to 14.1% of the weighted exposure, comprising 8.0% minimum capital requirement, 2.0% SREP add-on (“P2R”), 2.5% capital conservation buffer and 1.59% institution-specific countercyclical capital buffer (for further details please refer to par. 2.2.4.3 “Countercyclical capital buffer” of this report).

The exposure values for counterparty credit risk attributable to derivative instruments (foreign exchange derivatives) are calculated according to the original exposure method and are included in the risk adjustment amount in the tables below. Derivatives exposures are not subject to any credit risk mitigation effect. The financial derivatives wrong-way risk exposure has been assessed as nil.

During 2025, the Bank entered into foreign exchange derivatives in AUD, CAD, CHF, CZK, DKK, EUR, GBP, HKD, HUF, ILS, JPY, MXN, NOK, NZD, PLN, SEK, SGD, THB and ZAR. Open positions as at 31 December 2025 are detailed as follows:

Position	Currency	Fair value measurement	Notional in currency (in thousands)	Currency	Notional in USD (in thousands)	Maturity date
Long	AUD	Level 2	30,580	USD	20,473	27/01/2026
Long	CAD	Level 2	22,610	USD	16,507	26/01/2026
Long	CHF	Level 2	30,385	USD	38,379	26/01/2026
Long	CZK	Level 2	374,746	USD	18,164	26/01/2026
Long	DKK	Level 2	233,831	USD	36,786	26/01/2026
Long	EUR	Level 2	338,668	USD	397,867	26/01/2026
Long	GBP	Level 2	5,470	USD	7,367	26/01/2026
Long	HKD	Level 2	15,538	USD	1,997	26/01/2026
Long	HUF	Level 2	7,768,143	USD	23,615	26/01/2026
Long	ILS	Level 2	6,870	USD	2,156	26/01/2026
Long	JPY	Level 2	19,869,050	USD	127,023	26/01/2026
Long	MXN	Level 2	337,510	USD	18,755	26/01/2026
Long	NOK	Level 2	300,809	USD	29,943	26/01/2026
Long	NZD	Level 2	6,086	USD	3,525	26/01/2026
Long	PLN	Level 2	373,198	USD	103,835	26/01/2026
Long	SEK	Level 2	697,451	USD	75,848	26/01/2026
Long	SGD	Level 2	2,944	USD	2,292	26/01/2026
Long	THB	Level 2	49,930	USD	1,588	26/01/2026
Long	ZAR	Level 2	25,010	USD	1,507	26/01/2026
Short	CHF	Level 2	(1,170)	USD	(1,478)	26/01/2026
Short	EUR	Level 2	(185,320)	USD	(217,714)	26/01/2026
Short	GBP	Level 2	(2,156,358)	USD	(2,904,183)	26/01/2026
Short	JPY	Level 2	(20,105,460)	USD	(128,534)	26/01/2026
Short	MXN	Level 2	(117,580)	USD	(6,534)	26/01/2026
Short	NOK	Level 2	(13,720)	USD	(1,366)	26/01/2026
Short	NZD	Level 2	(1,950)	USD	(1,129)	26/01/2026
Short	ZAR	Level 2	(18,110)	USD	(1,091)	26/01/2026

As at 31 December 2025, USD 8,631 million (vs. 2024, USD 6,907 million) of unused credit was available. While this amount represents the total unused credit available, this is unilaterally and fully revokable by the Bank. In addition, the Bank has not experienced and does not anticipate that all of its holders of individual lines will access their entire available credit at any given point in time.

### 2.1.4.3 Countercyclical capital buffer

As at 31 December 2025, the institution-specific countercyclical capital buffer rate was 1.59%, calculated as the weighted average of the countercyclical buffer rates applicable in the jurisdictions where the Bank's relevant credit exposures are located. Countercyclical buffer rates in the majority of geographies in which the Bank is active increased during 2025, including France at 1%, Belgium at 1%, and the Netherlands at 2%.

The Bank closely monitors developments with respect to the countercyclical buffer to ensure compliance with all applicable calculations and reporting requirements and will further adjust its capital allocation as needed.

### 2.1.4.4 Leverage ratio

The capital measure for the leverage ratio is the Tier 1 capital of the risk-based capital framework as defined in the CRR taking into account the complete "phased-in" definition.

<i>in thousands of USD</i>	<i>31 December 2025</i>	<i>30 September 2025</i>	<i>30 June 2025</i>	<i>31 March 2025</i>
<b>Leverage ratio</b>				
Total exposure measure	14,995,143	14,332,229	13,990,937	12,277,053
Leverage ratio (%)	18.77%	19.66%	17.62%	19.71%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>				
Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>				
Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%
Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%

### **EU KM1 – Key metrics template (2024)**

<i>in thousands of USD</i>	<i>31 December 2024</i>	<i>30 September 2024</i>	<i>30 June 2024</i>	<i>31 March 2024</i>
<b>Leverage ratio</b>				
Total exposure measure	12,237,148	11,396,522	12,148,474	12,475,489
Leverage ratio (%)	12.09%	12.95%	12.14%	11.81%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>				
Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>				
Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%

During 2025 the leverage ratio increased to 19% driven by the significant increase in Tier 1 capital following capital injections from the PayPal Group during the same year, partially offset by the increase in total assets. The leverage ratio is maintained well above the 3% minimum set in the CRR since 28 June 2021.

The leverage ratio is monitored on an ongoing basis, and its evolution is anticipated as part of the budget forecasting process. In addition, the leverage ratio is considered as part of stress testing related to the Recovery Plan.

## **2.1.5 Pillar II capital requirements**

The ICAAP covers capital planning and management process and has been designed with the goal of ensuring that the Bank has appropriate funding in light of its risk exposures and contingency plans in the case of downturn scenarios. The Basel III framework recognises that prudential capital requirements (i.e., Pillar I) do not address all possible risks facing a bank, and therefore it requires that the banks assess their own risks and capital requirements to cover potential impact of these risks.

As part of the ICAAP, the Bank identifies the risks that may potentially affect it based on the review of the Bank's risk assessments and analysis of the financial statements. Following risk identification, the Bank performs the calculation of capital requirements needed to cover the risks that may potentially affect its capital on both standalone and diversified basis over a one-year horizon. As at 31 December 2025, Pillar II capital requirements amounted at USD 863 million.

## **2.1.6 Exposures to crypto-assets and related activities**

In accordance with Article 451b of the CRR the Bank is required to disclose qualitative and quantitative information on its exposures to crypto-assets and related activities.

As at 31 December 2025, PayPal Europe offered a Crypto “Buy, Sell, Hold” product to customers in Luxembourg and enabled customers to buy, hold, and sell supported cryptocurrencies at applicable exchange rates and fees. The Bank did not maintain any positions that would give rise to crypto-asset risk-weighted exposure amounts.

The Bank monitors developments in the crypto-asset regulatory landscape, including Regulation (EU) 2023/1114 (“MiCAR”), and assesses any potential prudential implications through its risk assessment process.

Any future activity involving crypto-assets would be subject to the existing governance framework, including approval by the Authorised Management, and would be reflected in subsequent Pillar III disclosures in accordance with the applicable CRR requirements.

## 3 Risk Management

### 3.1 Introduction

The Supervisory Board has overall supervisory responsibility for PayPal Europe. It provides strategic leadership within the context of the PayPal Group's strategy and supervises PayPal Europe's management.

The Authorised Management is the primary function responsible for executive management and governance. It provides execution of the business strategy and daily management activities; manages the primary operating relationship with key service providing entities; evaluates, escalates, and manages material risks; and executes strategies and policies authorised by the Supervisory Board. The Authorised Management is composed of the Chief Executive Officer, Chief Financial Officer and Chief Compliance Officer.

In order to assist the Supervisory Board in its duties, two Board-level committees were established.

- The Remuneration and Nomination Committee ("RemCo") assists in ensuring that all necessary measures are in place to manage overall employee compensation sensibly, to retain key leaders and ensure the remuneration approach actively enables the commercial goals of the business within the risk appetite.
- The Audit, Risk and Compliance Committee ("ARCC") assists and guides the Supervisory Board in fulfilling its oversight responsibilities with respect to financial information, internal control systems, quality of work carried out by key internal control functions, compliance with applicable internal policies and external laws/regulations.

Additionally, at an Authorised Management level there are two committees to assist them in discharging their duties.

- The Operations Compliance Risk Committee ("OCRC") assists the Authorised Management in its oversight responsibilities and serves as a channel for communication and escalation for operational and risk related information to them.

Key tasks of the OCRC include assessing the adequacy and consistency between the risk environment and the control environment, assessing effectiveness of controls in place, evaluating capital and liquidity positions, and advising the Supervisory Board on the overall risk strategy. The OCRC has independent, dotted-line reporting line into the ARCC. The OCRC comprises the three Authorised Managers and the Chief Risk Officer who are regarded as voting members and requires a quorum of three members. Non-voting members include the Head of Legal, Chief Internal Audit Officer, Head of International Cyber Risk & PayPal Europe CISO, Technology and Information Security Oversight (TISO), Head of Treasury, members of the Risk Management and the Compliance functions. Committee members can invite employees or non-employees to the OCRC to cover relevant topics without having voting rights.

- The Credit Risk Committee (“CRC”) assists the Authorised Management in what relates to credit activity of the Bank; any approvals, based on delegated authority, or key issues discussed within the CRC are escalated to the Authorised Management in order to provide them with a holistic view of credit risks and its ability to manage those risks.

The CRC is responsible for the development and effectiveness of PayPal Europe’s product portfolio risk management framework, which entails managing credit risk, strategic risk and operational risk with respect to the credit and eMoney products. The CRC reports into the Authorised Management and is composed of the following members, each having voting rights, the Chief Executive Officer (Chairman), Chief Financial Officer, Chief Compliance Officer and Chief Risk Officer. Non-voting members of the committee include the Credit Risk Director, Head of Legal, Head of Treasury, Chief Internal Audit Officer and Credit Controller - Finance.

As organized, the committee governance helps the Bank execute on its business plan and it provides comfort that both the Supervisory Board and the Authorised Management are enabled to take informed decisions on risk within the framework of their respective prerogatives. The committee governance also acts as a robust channel to communicate and enforce a culture of sound risk taking within the Bank.

The Bank also operates the Three Lines of Defence model as relates to its risk management and compliance activities.

The First Line of Defence has an active and important role in its risk management practice. The First Line of Defence is accountable for and manages risk, primarily focusing on day-today risk management ensuring PayPal Europe manages risks appropriately through the risk lifecycle and supporting tools and processes. First Line of Defence teams are responsible for establishing and maintaining their control environment in order to appropriately manage and mitigate risk in accordance with internal requirements and to comply with applicable obligations.

In line with CSSF Circular 12/552, the Risk Management function is the second line internal risk control function responsible for the anticipation, identification, measurement, monitoring and reporting of all risks to which the Bank is or may be exposed (including through any outsourcing arrangements). The Risk Management function supports the Authorised Management in ensuring that risks are managed appropriately and in line with the risk appetite, as approved by the Supervisory Board. The Risk Management function also ensures that the Authorised Management and Supervisory Board receive a comprehensive, objective and relevant overview of all the risks to which the Bank is or may be exposed through various risk reports. As at year-end 2025, the Risk Management function operates through five dedicated workstreams: Prudential Risk, Enterprise Risk Management, Credit Oversight, Model Oversight, and Data Management Oversight.

The Chief Risk Officer is responsible for ensuring that the entity adequately manages all risks associated with its structure and activities, as well as educating other parts of the organisation on these items to ensure that any business decisions continue to occur within the defined risk appetite. The Chief Compliance Officer serves as Authorised Manager responsible for the activities in scope of the Chief Risk Officer's responsibilities. The Chief Compliance Officer holds responsibility for the management and delivery of compliance obligations. This includes management of AML/CTF related obligations, which are delegated to the Head of Financial Crime Compliance and Money Laundering Reporting Officer.

Internal Audit, as the Third Line of Defence, delivers independent and objective assurance services designed to audit the Bank's operations and system of internal controls. It assists the Authorised Management and Supervisory Board in accomplishing their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

In addition to the Risk Management function, other key internal control and support functions contribute to the risk management framework:

- The Compliance function is responsible for the anticipation, identification, measurement, monitoring and reporting of legal, regulatory and internal policy compliance risks to which the Bank is or may be exposed (including through any outsourcing arrangements). The Compliance function shall prepare an annual report on the state of compliance. This report shall be submitted to the Authorised Management of the Bank for approval and shall furthermore be submitted to the ARCC and Supervisory Board for acknowledgement before submission to the CSSF.
- The Credit Risk & Governance team is responsible for the anticipation, identification, measurement, monitoring and reporting of credit risks to which the Bank is or may be exposed.
- Treasury is responsible for the anticipation, identification and measurement, monitoring, management and reporting of all counterparty credit (i.e., exposures towards financial institutions where the Bank invests its money), large exposures concentration (i.e., intra-group exposures towards other PayPal Group entities), market (i.e., foreign exchange and interest rate), capital and liquidity risks to which the Bank is or may be exposed to.
- Finance Controllershship and Tax are responsible for the anticipation, identification and measurement, monitoring, management and reporting of all accounting, taxes, VAT and financial reporting risks to which the Bank is or may be exposed.
- The CISO and TISO teams ensure that technology and information security risks and controls are adequately and effectively managed. The Head of the teams are respectively responsible for driving the Technology and Information Security Oversight program in EU and support the global technology and information security strategy from a Second Line of Defence perspective, ensuring that regional business objectives are developed, implemented and maintained accordingly.
- Data Privacy is responsible for the anticipation, identification, measurement, monitoring, management, and reporting of all data protection and banking secrecy risks to which the Bank is or may be exposed.
- Affiliate Services is responsible for the oversight, assessments and reporting of all outsourcing relationships through intra-services, cascading down to the full outsourcing chain to external third

parties, defining and engaging with Service Level Agreement (“SLA”) owners designated at the respective service provider for each function that has been outsourced.

- Legal is responsible for providing legal advice on a diverse range of subjects which affect the Bank’s functional areas. The team manages corporate governance and advises on all aspects of legal operational risk management, including: intellectual property rights allocation; contracting with external parties; regulatory or legal actions; disputes for or against the Bank; and losses caused from a failure to correctly document, enforce or adhere to contractual arrangements, inadequate management of non-contractual rights and a failure to meet non-contractual obligations. The team also supervises legal research and analysis, identifying important issues and apprising the Bank’s functional areas of emerging legal trends. Legal provides legal guidance and advice to functional areas. Legal is responsible for reviewing and approving the mapping of all existing, new and changed obligations to products and services on a timely and ongoing basis.

### Risk Assessment (“RA”)

The accurate and timely identification and assessment of risks is essential for effective risk management. The Bank utilizes the Enterprise Risk Assessment process to identify and measure risks, which enables to effectively manage and mitigate them. The Global Risk Management Second Line function documents and establishes enterprise standards and methodologies for conducting risk-based risk assessments in the Enterprise Risk Lifecycle Policy and further detailed into the Enterprise Risk Assessment and Risk Response Procedure.

The accountability for performing the risk assessment then lies with a risk accountable person, who is typically in the First Line of Defence, while the Risk Management function alongside any other relevant subject matter experts as applicable ensures effective challenge, which relays appropriate feedback on the organization’s risk profile that should be addressed and escalated in a timely manner.

### Risk and Compliance Plan

Managing and mitigating risk is an important aspect to ensuring the Bank meets its business goals and objectives. The Bank seeks to manage and mitigate risks by identifying, assessing, measuring, monitoring, and reporting them.

The Risk and Compliance Plan (“RCP”) identifies the key risk management activities and areas of focus. The RCP includes deliverables owned by PayPal’s global functional areas and activities executed in support of enterprise initiatives or programs. This approach enables the Bank to prioritize risk management activities and allocate resources in a smart and effective manner. Progress against the activities set forth within this RCP is measured and captured within a dedicated quarterly review process.

The Chief Risk Officer, or their designee(s), oversees execution of the RCP, and is responsible for making revisions as necessitated by significant changes, such as new business initiatives, shifts in regulatory requirements and expectations, and other risk activities that emerge during the year.

### Risk Monitoring & Reporting

The Risk Management function is committed to providing the Supervisory Board and Authorised Management with actionable information and the analysis needed to effectively identify, measure, manage, and monitor risks.

The Chief Risk Officer and the Chief Compliance Officer, jointly, shall provide periodic reporting to the ARCC, OCRC, Authorised Management, and others, as appropriate. These reports may include, but are not limited to:

- Effectiveness and direction of risk management across the Bank
- Special reports on key emerging topics and trends
- ICAAP, ILAAP and Recovery Plan results
- Prudential risk metrics
- Management actions to meet regulatory orders
- Risk policy and procedure adherence
- Risk-related audit and examination highlights
- New products and services
- Staffing and organizational effectiveness
- Progress on significant program initiatives
- Management actions on significant risk matters.

### Establishment and Monitoring of Risk Limits

The risk appetite framework serves as the primary tool for establishing risk limits for all key areas of activity of the entity, and for ensuring their alignment with business strategy as objectives. The risk appetite framework also establishes escalation procedures in case of a breach in order to ensure effective flow of the information within the organisation, timely notification of senior management of any identified issues and remediation of the escalated issues in a prompt manner.

Escalation channels for risk appetite breaches include, in the order of severity of the breach, escalation to (1) the Chief Risk Officer, (2) the ARCC and PayPal Global Entity Management, and (3) PayPal Global Risk Leadership.

The risk appetite framework covers all material risks relevant to the activity of PayPal Europe, including the ones related to its prudential adequacy, operational as well as strategic aspects of its operations. Examples of limits set for prudential ratios are disclosed in the table below.

Risk Appetite Indicator	CRO Trigger	ARCC	Global Risk Leadership
Total Capital Ratio <sup>2</sup>	16.9%	16.3%	15.6%
Liquidity Coverage Ratio	135%	122%	113%
Net Stable Funding Ratio	130%	128%	120%
Large Exposure	20%	20%	23%
Leverage Ratio	5%	4.5%	4%

In addition to risk appetite metrics, operational Key Risk Indicators (“KRIs”) and Key Performance Indicators (“KPIs”) are set up by the various departments as part of their activity. Escalation of any breaches related to these indicators are performed in line with the relevant operational procedures.

## 3.2 Credit and counterparty risks

Credit risk is the risk that customers may fail to fully meet their financial commitments. The risk arises from lending operations and/or the ability to manage collections. The risks related to credit lending and collections are managed by the Credit Risk & Governance team.

Counterparty credit risk is the risk that a counterparty fails to fulfil their obligations to PayPal Europe. It covers the risk of default of issuers of bonds held in PayPal Europe’s investment portfolio and of its deposit and derivative counterparties. The Treasury team manages counterparty credit exposures on a daily basis, and is responsible for the selection, monitoring and proposal of counterparties, brokers, and external managers.

For risk management and reporting purposes, the Bank considers and monitors credit risk and counterparty credit risk separately, as two distinct risk categories, each subject to independent assessment, measurement and capital allocation. The maximum potential exposure to credit risk at the reporting date is the carrying value of loans and advances to customers and banks, and other assets receivable from related parties, as disclosed on the statement of financial position. The maximum potential exposure to counterparty credit risk is represented by the carrying value of bonds, bank deposits and derivative instruments held in the Treasury investment portfolio

### 3.2.1 Management of credit risk

The Authorised Management is responsible for management of credit risk. The Banking and Investment Policy as well as the credit risk policies govern credit risk management.

The basis for effective credit risk management is the identification of existing and potential credit risk inherent to any product or activity. This process includes the gathering of all relevant data concerning the products offered, the counterparties involved and all elements that may influence credit risk.

<sup>2</sup> The thresholds were recalibrated following the CRR III implementation.

### **3.2.1.1 Investment activity**

The Banking and Investment Policy contains a set of principles, rules, guidelines and procedures for identifying, measuring, approving and reporting credit risk related to the investment portfolio of the Bank (i.e., counterparty credit risk). The Banking and Investment Policy establishes a consistent framework to best protect customer and corporate assets, which is approved by the Authorised Management.

In addition to the investment policy, the Bank performs quantification of counterparty credit risk as part of the ICAAP and Recovery Plan frameworks. Capital requirements for counterparty credit risk are presented to the OCRC and to the ARCC on a quarterly basis.

### **3.2.1.2 Lending activity**

PayPal Europe offers credit products to customers, which gives rise to credit risk.

The Bank has documented internal credit policies that formalize credit risk management process, articulate the objectives to measure, monitor, and manage credit risk related to the issuance and management of credit, and provide general principles guiding credit risk management. The goal of the framework is to:

- Protect the Bank against unwarranted customer and counterparty credit exposures.
- Protect eMoney balances and customer and corporate assets.
- Maintain credit risk at a manageable level and within the Bank's risk appetite.
- Identify and avoid a material credit failure that exceeds the Bank's risk appetite.

The Bank has put in place an infrastructure to support the credit activity including the CRC to monitor the credit risk environment for the Bank and provide direction for the activities to mitigate, to an acceptable level, the risks that may adversely affect the Bank's ability to achieve its goals.

The Bank performs quantification of consumer credit risk as part of the ICAAP framework. Pillar II capital requirements for credit risk are presented to the OCRC and to the ARCC.

## **3.2.2 Non-performing, impaired, past due exposures, and valuation allowance**

In the application of Commission Implementing Regulation (EU) 2024/3172, the following information regarding the credit quality of assets is disclosed.

As at 31 December 2025, the collective impairment and valuation allowance (related to principal and interests) amounts to USD 375,173,783 (2024: USD 316,809,185).

## Past Due, Impairment and Provisions

Past due exposures on loans and advances are recorded when a counterparty has failed to make a payment when contractually due. If the credit risk of a past due exposure has significantly increased since initial recognition, the exposure is transitioned to Stage 2 under IFRS 9 (IFRS 9.5.5.3). Credit impaired exposures are recorded and assigned to Stage 3 under IFRS 9 if there is an objective indication that the Bank may not collect the total amounts due based on the contractual terms, including exposures where payments are past due by more than 90 days.

Past due exposures on loans and advances to banks are not considered impaired, unless other information is available to indicate a contrary view. The triggering event for reclassifying from “past due” to “impaired” will be identified on a case-by-case basis.

The Bank books specific credit risk adjustments. The loss allowance for Expected Credit Losses (“ECL”) under IFRS 9 recognised in the period is impacted by variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increase (or decrease) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12 month and lifetime ECL.
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period.
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models.
- Impact on the measurement of ECL due to changes made to model and assumptions.
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

A valuation allowance is recorded to reflect the fair value for merchant PayPal Working Capital (“PPWC”) credit portfolio and Global Pay Later (“GPL”) credit portfolio.

## Non-Performing Exposures

In accordance with Article 47a of the CRR, non-performing exposures include exposures that are more than 90 days past due or where the debtor is considered as unlikely to pay its credit obligations in full without recourse of collateral, regardless of the days past due status. The following tables provide an overview of non-performing exposures and related provisions.

### *EU CRI – Performing and non-performing exposures and related provisions*

In thousand USD	Gross carrying amount/nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	Performing exposures		Non-performing exposures		Performing exposures – accumulated impairment and provisions		Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	
	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3	Of which stage 1	Of which stage 2	Of which stage 2	Of which stage 3
<b>Cash balances at central banks and other demand deposits</b>	6,728,249	6,728,249	-	-	-	-	-	-
<b>Loans and advances</b>	4,338,674	2,319,780	462,572	98,312	2,538	68,186	(200,908)	(74,061)
Non-financial corporations	404,050	-	-	20,894	-	-	-	-
Households	3,934,624	2,319,780	462,572	77,418	2,538	68,186	(200,908)	(74,061)
<b>Debt securities</b>	2,000,070	2,000,070	-	-	-	-	(83)	(83)
General governments	1,316,115	1,316,115	-	-	-	-	(16)	(16)
Credit institutions	367,398	367,398	-	-	-	-	(38)	(38)
Other financial corporations	130,085	130,085	-	-	-	-	(8)	(8)
Non-financial corporations	186,471	186,471	-	-	-	-	(21)	(21)
<b>Off-balance-sheet exposures</b>	8,634,458	8,471,684	158,402	1,009	-	1,009	-	-
Non-financial corporations	4,372	-	-	-	-	-	-	-
Households	8,630,086	8,471,684	158,402	1,009	-	1,009	-	-
<b>Total</b>	<b>21,701,450</b>	<b>19,519,782</b>	<b>620,974</b>	<b>99,321</b>	<b>2,538</b>	<b>69,195</b>	<b>(200,991)</b>	<b>(74,143)</b>

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

In thousand USD	Gross carrying amount/nominal amount						
	Performing exposures			Non-performing exposures			
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days	Of which defaulted
<b>Cash balances at central banks and other demand deposits</b>	6,728,249	6,728,249	-	-	-	-	-
<b>Loans and advances</b>	4,338,674	4,276,374	62,300	98,312	17,345	57,616	23,351
Non-financial corporations	404,050	390,842	13,208	20,894	2,401	10,344	8,148
Households	3,934,624	3,885,531	49,092	77,418	14,943	47,271	15,203
<b>Debt securities</b>	2,000,070	2,000,070	-	-	-	-	-
General governments	1,316,115	1,316,115	-	-	-	-	-
Credit institutions	367,398	367,398	-	-	-	-	-
Other financial corporations	130,085	130,085	-	-	-	-	-
Non-financial corporations	186,471	186,471	-	-	-	-	-
<b>Off-balance-sheet exposures</b>	8,634,458		1,009				1,009
Non-financial corporations	4,372		-				-
Households	8,630,086		1,009				1,009
<b>Total</b>	<b>21,701,450</b>	<b>13,004,693</b>	<b>62,300</b>	<b>99,321</b>	<b>17,345</b>	<b>57,616</b>	<b>23,351</b>

### 3.2.2.1 Forborne exposures

The following tables provide an overview of non-performing and forborne exposures as per the definitions laid down in Articles 47a and 47b of the CRR.

#### EU CQ1 – Credit quality of forborne exposures

In thousand USD	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions	
	Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures	
		Of which defaulted	Of which impaired			
<b>Loans and advances</b>	7,379	24,693	24,693	21,508	(1,612)	(17,696)
Non-financial corporations	628	1,860	1,860	-	-	(442)
Households	6,751	22,833	22,833	21,508	(1,612)	(17,253)
<b>Total</b>	<b>7,379</b>	<b>24,693</b>	<b>24,693</b>	<b>21,508</b>	<b>(1,612)</b>	<b>(17,696)</b>

### 3.2.3 Credit risk mitigation techniques

#### 3.2.3.1 Statement of financial position netting agreement

The Bank is eligible to present net on the statement of financial position certain financial assets and financial liabilities. The following table provide information on the total impact of offsetting for assets and liabilities subject to netting agreements as at 31 December 2025.

<i>in thousands of USD</i>		<b>2025</b>	
	<i>Gross exposure</i>	<i>Offsetting impact</i>	<i>Net exposure</i>
Assets	667,061	(667,061)	-
Liabilities	1,419,876	(667,061)	752,815

### 3.2.3.2 Guarantee agreement

The Bank has entered into a guarantee agreement (the "Guarantee") with PayPal International Treasury Centre (LU) ("ITC"). The Guarantee is eligible as a credit risk mitigation technique for capital adequacy purpose and are not eligible for balance sheet netting under IFRS. As at 31 December 2025, the Guarantee covers up to USD 100 million of net PayPal Pte. Ltd. ("PPPL") balances receivables in case of PPPL insolvency.

The Guarantee is fully collateralized with securities from the ITC investment portfolio.

### 3.2.3.3 Master netting agreement

The Bank has entered into a Master Netting Agreement ("MNA") with a number of PayPal Group companies. This agreement is structured on a multilateral basis, operating as a mutual guarantee of borrowings by group companies to the Bank. The MNA is neither eligible as a credit risk mitigation technique for capital adequacy purpose, nor for balance sheet netting under IFRS.

According to the MNA, in case of counterparty insolvency, the Bank is allowed to set off any amount it owes (whether actual or contingent, present or future and including, if applicable and without limitation, the liquidation amount and any amount due and payable on or before the liquidation date but remaining unpaid) to a counterparty against any amount due by any other counterparty (whether actual or contingent, present or future and including, if applicable and without limitation, the liquidation amount and any amount due and payable on or before the liquidation date but remaining unpaid) to the Bank.

## 3.2.4 Credit risk concentration

Credit risk concentration criteria imply that groups of connected or interconnected parties, as defined in Article 4 1(39) of the CRR, constitute a single risk in the management of credit risk. To manage concentration risk, the Bank aims to spread credit risk across several counterparties and countries.

### 3.2.4.1 Investment activity

In order to ensure that the credit concentrations related to the Bank's credit portfolio remain within the acceptable levels, the Banking and Investment Policy establishes the following principles for management of concentration risk:

- The Head of Treasury is in charge of ensuring that the Bank stays within the regulatory Large Exposure limit (maximum 25% of the total Own Funds towards any single counterparty and/or group of related counterparties). This is monitored on a daily basis.
- The Bank has set policy limits at maximum 20% (of the total investment portfolio) exposure on external or internal counterparties as maximum concentration thresholds. Exposure to a single banking institution, financial or corporate counterparty of greater than USD 250 million requires notification to the Chief Financial Officer and Chief Risk Officer alongside the PayPal, Inc.'s Treasurer. The lower of these two limits will apply (i.e., 20% or USD 250 million single exposure).

### **3.2.4.2 Lending activity and deferred payment product**

For merchants, PayPal Europe offers a business loan to small and medium size businesses. The product was launched in Germany in 2018. In France and the Netherlands, similar business loans were introduced for small and medium-sized enterprises in April 2022.

For consumers, PayPal Europe offers a 12-months instalment credit product to consumers in Germany, launched in 2019; in addition to the 12-months instalment credit product, 3-, 6- and 24-months instalment credit products have been offered since 2021. In May 2025 this product was also made available for offline purchases for eligible customers. Furthermore, there is a 1-month instalment credit product with additional features that was launched for consumers in Germany in December 2021. A similar consumer instalment credit offering that is paid back in 4 equal instalments was launched in 2020 in France. On a similar basis to the France instalments products, consumer instalment credit offerings that are paid back in 3 equal instalments were launched in November 2021 in Spain and Italy. In August 2025 new terms of 6, 12, and 24 months were introduced in Italy and Spain.

In June 2023, the Bank entered into a multi-year agreement with an investor to sell eligible consumer instalment receivables in the context of an asset externalization strategy. During the same year, the Bank began selling existing receivables (back book sale) covered by the agreement, as well as the newly originated receivables (forward flow sale), on a weekly basis.

In the UK, a cash advance product to small and medium size businesses is offered on a similar basis as the ones described above for merchants. On the same market, a consumer instalment credit offering that is paid back in 3 equal instalments was launched in 2020 on a similar basis as the ones described above for consumers. Furthermore, a consumer credit product to retail consumers with a revolving credit line is offered in the UK. In October 2025, a credit card feature was introduced for offline use of the product to complement the existing online use.

Following the departure of the United Kingdom from the European Union and the EEA on 31 January 2020 (commonly referred to as “Brexit”), effective 1 November 2023, PayPal’s wholly owned UK subsidiary (“PayPal UK”) received authorisations from the FCA as an electronic money institution with credit permissions, and a registration as a crypto asset business.

As a result, UK customers’ eMoney liabilities and related cash balances were transferred from the Bank to PayPal UK, and the Bank purchases the entirety of UK new credit originations from PayPal UK. These exposures are originated by PayPal UK subject to mutually agreed origination policies and the credit quality of the exposures is subject to a mutually agreed risk appetite.

Subsequent to the purchase of the exposures, the UK cash advance product and the consumer credit product are retained on PayPal Europe balance sheet, and in line with asset externalization strategy, the UK instalment product is sold to an external investor.

The Bank’s credit portfolio contains little concentration as it targets large groups of homogeneous customers.

### **3.3 Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Bank’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Bank does not apply hedge accounting.

#### **3.3.1 Management of interest rate risk**

The business model leads to a limited exposure to interest rate fluctuation. Interest rate risk from both economic value and earnings perspectives are managed by means of purchasing Floating Rate Note securities with frequent interest rate re-pricing (depending on the security). The coupon payment is adjusted quarterly to reflect current market interest rates, which protects the portfolio against rising interest rates. All investments are held at fair values, ensuring transparency of asset valuations in situations of changes in interest rates. As per the Banking and Investment Policy, the Bank is subject to a maximum duration limit of the customer investment portfolio of two (2) years and a maximum duration of the corporate investment portfolio of four (4) years.

In accordance with EBA Guidelines EBA/GL/2022/14, the non-trading book activities are submitted to stress tests on interest rate risk on a quarterly basis under Implementing Technical Standards (“ITS”) on IRRBB reporting, with reporting to OCRC and the ARCC. The supervisory shock scenarios are defined in line with the EBA Guidelines. The impacts are evaluated with respect to changes in Economic Value of Equity and Net Interest Income. No vulnerabilities with respect to interest rate exposures are identified based on the results of these calculations.

### 3.3.2 Management of credit spread risk

The Credit Spread Risk in the Banking Book (“CSRBB”) is delineated with reference to market prices, with each category of Banking Book items scrutinized for potential exposure based on its connection to an active recognized market. In addressing the identification of elements ultimately falling within the scope of CSRBB calculation, the gradient approach as delineated in the European Banking Federation paper on the Credit Spread Risk in the Banking Book (EBF\_046082 dated 12 July 2023) was adopted. CSRBB is delineated with reference to market prices, with each category of Banking Book items evaluated for potential exposure based on its connection to an active recognized market.

### 3.3.3 Management of currency risk

Foreign exchange exposures could result in unexpected gains or losses depending on the movement of foreign exchange rates. It is the Bank’s policy not to speculate in FX markets and the Bank, therefore, aims to fully hedge identified balance sheet FX exposures to the duration of the exposures.

Foreign exchange derivatives are used to manage balance sheet currency exposures. Loans, deposits and investments in currencies other than the functional currency of the Bank are hedged against USD. PayPal’s general approach is to hedge identified balance sheet items for the expected duration of the exposure, subject to a 1-day Value-at-Risk (“VaR”) metric at 99% confidence level. The Head of Treasury or designee reviews FX exposures daily and recommends hedging instruments to maintain compliance with the VaR risk appetite limit of USD 1.5 million. Unhedged exposures, whether through deliberate risk retention or operational gaps, shall be monitored against the 1-day VaR metric to ensure they do not exceed the established risk appetite limit.

<i>in thousands of USD</i>	<i>Gross exposure</i>	<i>2025 Offsetting impact</i>	<i>Net exposure</i>
Assets	667,061	(667,061)	-
Liabilities	1,419,876	(667,061)	752,815

The tables below show all assets and liabilities at carrying value, classified by currency respectively as at 31 December 2025:

<i>in thousands of USD</i>	<i>USD</i>	<i>EUR</i>	<i>2025 GBP</i>	<i>Others</i>	<i>Total</i>
<b>Assets</b>					
Cash and balances with central banks	-	4,708,909	-	-	4,708,909
Financial assets held for trading - Derivatives	-	389	34	1,676	2,099
Loans and advances to banks	245,647	1,374,499	343,729	55,194	2,019,069
Loans and advances to customers	-	1,391,961	2,786,295	-	4,178,256
Investment securities	1,377,411	561,130	61,446	-	1,999,987
Equity investments	-	906	-	-	906
Property, plant and equipment and right-of-use assets	2,942	-	-	-	2,942
Deferred tax assets	-	2,502	-	-	2,502
Other financial assets	222,460	549,858	86,129	59,533	917,980
Other assets	22,963	29,536	26,612	1,018	80,129
<b>Total assets</b>	<b>1,871,423</b>	<b>8,619,689</b>	<b>3,304,245</b>	<b>117,421</b>	<b>13,912,779</b>
<b>Liabilities</b>					
Financial liabilities held for trading - Derivatives	-	426	12,534	743	13,703
eMoney liabilities	740,107	6,416,599	131,227	370,546	7,658,479
Current income tax liabilities	-	58,532	-	-	58,532
Deferred tax liabilities	-	775	-	-	775
Other financial liabilities	405,163	2,264,704	281,388	71,574	3,022,829
Other liabilities	36,922	40,943	17,636	7,560	103,061
<b>Total liabilities</b>	<b>1,182,192</b>	<b>8,781,979</b>	<b>442,785</b>	<b>450,423</b>	<b>10,857,379</b>
<b>Net forward exchange contract positions</b>	<b>2,334,403</b>	<b>180,153</b>	<b>(2,896,816)</b>	<b>382,260</b>	<b>-</b>
<b>Net balance sheet positions</b>	<b>3,023,634</b>	<b>17,863</b>	<b>(35,356)</b>	<b>49,258</b>	<b>3,055,400</b>

Currencies are disclosed separately when they represent more than 5% of the statement of financial position in gross amounts. Currency exposures are managed and hedged daily accordingly.

### 3.3.4 Management of the trading risk

No trading risk is taken by the Bank. It is the Bank's policy not to hold a trading book. Proprietary trading is prohibited.

## 3.4 Liquidity risk

The primary goal of the Bank's liquidity management is to ensure that the Bank maintains sufficient cash and liquid assets to meet its current and future financial obligations at all times, in both normal and stressed circumstances, for every currency in which it has an exposure.

In the unlikely event that the Bank needs to manage a potential liquidity crisis, the Bank has prepared a Contingency Liquidity Plan ("CLP") as detailed in the Liquidity Management Policy. This plan comes into effect whenever the liquidity position of the Bank is threatened by market related or Bank specific circumstances. The main objective is to manage the liquidity sources of the Bank without endangering its business franchise, while limiting excessive funding costs.

The Bank's risk appetite sets out the limits with respect to capital and liquidity risks. Internal limits are also set for CET1 Ratio, Solvency Ratio, Leverage Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio as part of the Recovery Plan framework (traffic-light approach).

### **3.4.1 Liquidity Policy and Funds Management**

The Liquidity Management Policy considers the recommendations of the EBA as disclosed in the Annex of the CSSF Circular 09/403 while applying the proportionality principle.

The Liquidity Management Policy sets out a robust framework for liquidity risk management at the Bank. Notably included in this policy:

- The Authorised Management's and Head of Treasury's oversight responsibilities for liquidity and fund management.
- Procedures establishing an effective monitoring of the liquidity condition to ensure the Bank has sufficient funding capacity to meet its liquidity needs.
- Procedures ensuring key prudential ratios such as solvency, liquidity and large exposures remain compliant within the metric defined by the local regulator.
- The use of liquidity risk management tools such as limits and liquidity scenario stress testing.
- Monitoring, implementation and a review framework by the various stakeholders of the policy.

The adequacy of the liquidity position of the Bank is tested yearly as part of the ILAAP and the Recovery Plan.

### **3.4.2 Contingency Liquidity Plan**

As part of the Liquidity Management Policy, a CLP has been implemented. The main objective of the CLP is to minimize the potential impacts of a liquidity crisis by implementing coordinated action demonstrating sufficient funding capacity that can replace any lost funding in the shortest possible time, while reducing risk and limiting reputational damage.

The CLP is updated at least on an annual basis, with the CLP updated within the ILAAP which is presented to the Authorised Management and the Supervisory Board for approval. The CLP contains the following key information: triggers and governance, access to funding and testing of the Contingency Funding Plan.

The Bank maintains a highly liquid portfolio of financial assets. As at December 31, 2025, the Bank maintained substantial cash balances with the Banque Centrale du Luxembourg (approximately USD 4.7 billion) and other credit institutions (approximately USD 2 billion) on an overnight basis.

As at the end of December 2025, 85% of the Bank's USD 8.8 billion investment portfolio had a weighted average maturity of less than three (3) months, while the remaining 15% had a weighted average maturity of 160 days.

In the unlikely event that more liquidity is needed, the Bank may borrow funds from other international entities domiciled outside the US. The Head of Treasury is responsible for managing and implementing these borrowings as per the Group Funding policy.

As a member of the PayPal Group, the Bank relies on PPPL as the lender of last resort and has no need to put in place authorised limits or credit facilities set-up with our external banking counterparties.

### **3.4.3 Sources of liquidity**

#### *Normal sources of liquidity*

The most material aspect of PayPal's services is the eMoney wallet. The PayPal Wallet enables individuals and businesses to send, receive and request eMoney online using a PayPal account.

Most notably, PayPal issues eMoney by charging the customer's funding source linked to their PayPal account, i.e., a credit card, debit card, prepaid card and/or a bank account. PayPal makes eMoney immediately available to the recipient customer within the PayPal system and receives funds from card processors or banks generally within the following business days.

Customers can then redeem their PayPal eMoney balances to their linked funding source (based on market availability).

Customers' eMoney balances are reinvested with highly rated banking counterparties or high-quality liquid assets. Additionally, the CSSF granted the Bank an authorisation to use up to 50% of eMoney balances for financing its credit activity.

Over and above the normal sources of funding described above, the Bank has access to additional sources of liquidity outlined below.

#### *Short-term borrowings from the PayPal Group*

In the unlikely event that more liquidity is needed, or it is deemed that an injection of capital is not the correct course of action, the Bank may borrow funds from entities of the PayPal Group.

Borrowings of this nature are not used for a consecutive period of longer than 180 days, unless approved by the Authorised Management and the Chief Financial Officer.

As a member of the PayPal Group, the Bank relies on the Group as the lender of last resort. At its deposition, the Bank has a EUR overdraft facility with external bank with a limit of USD 52 million equivalent. The Bank has also access to the Group “Revolver Credit facility” with JPMorgan Chase Bank, N.A. as administrative agent, for USD 750 million. As part of this facility the Bank will be a subsidiary borrower alongside PayPal, Inc. and will have access to a tranche of the facility in the amount of up to USD 750 million. Any borrowing through the facility would be guaranteed by PayPal Holdings, Inc. The Bank can also draw down on the remaining USD 25 million subordinated debt facility with PPPL.

As at 31 December 2025, approximately 19% of the available for sale portfolio were eligible for main refinancing operations with the Bank Centrale du Luxembourg, potentially providing an additional source of liquidity to address the risk potentially arising from maturity mismatches.

The Group’s liquidity management approach looks to ensure that the Bank has the ability to meet its liabilities on a timely basis.

### 3.4.4 Exposure to liquidity risk

The table below shows the Bank’s assets and liabilities classified into relevant maturity grouping based on the remaining period to the contractual maturity date. Demand deposits, overnight deposits, due to banks, eMoney liabilities and most of other liabilities are reported in the column “Up to 1 month”.

in thousands of USD	2025						Total
	Up to 1 month	1-3 months	3-6 months	6-12 months	Above 12 months	Without maturity	
Financial liabilities held for trading - derivatives	13,703	-	-	-	-	-	13,703
Due to customers	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-
eMoney liabilities	7,658,479	-	-	-	-	-	7,658,479
Other	3,067,998	117,199	-	-	-	-	3,185,197
<b>Total financial liabilities</b>	<b>10,740,180</b>	<b>117,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,857,379</b>
Cash and balances with central banks	4,633,487	-	-	-	75,422	-	4,708,909
Financial assets held for trading - Derivatives	2,099	-	-	-	-	-	2,099
Loans and advances to banks	2,019,069	-	-	-	-	-	2,019,069
Loans and advances to customers	-	687,770	130,761	199,392	138,827	3,021,505	4,178,256
Investment securities	484,889	105,681	539,718	104,850	764,848	-	1,999,987
Equity investments	-	-	-	-	-	906	906
Other	928,383	75,170	-	-	-	-	1,003,553
<b>Total financial assets</b>	<b>8,067,928</b>	<b>868,621</b>	<b>670,479</b>	<b>304,242</b>	<b>979,097</b>	<b>3,022,411</b>	<b>13,912,779</b>

### 3.4.5 Encumbered and unencumbered assets

As at 31 December 2025 the encumbered asset represents the Minimum Reserve Requirement (“MRR”) held with Banque Centrale du Luxembourg. In accordance with Article 19 of the Statute of the European System of Central Banks and of the European Central Bank, the Bank is required to place minimum prescribed amount on deposit with the central bank where the Bank operates.

### 3.4.6 Liquidity Coverage Ratio

During the course of 2025, the Bank complied with the CSSF liquidity requirement, which requires a minimum Liquidity Coverage Ratio of 100%. Over the years 2025 and 2024, LCR was:

### EU KMI – Key metrics template (2025)

<i>in thousands of USD</i>	31 December 2025	30 September 2025	30 June 2025	31 March 2025
<b>Liquidity Coverage Ratio</b>				
Total high-quality liquid assets (HQLA) (Weighted value -average)	6,073,176	5,083,445	4,301,334	3,139,313
Cash outflow s - Total w eighted value	5,435,212	4,928,631	4,854,836	4,233,205
Cash inflow s - Total w eighted value	2,918,687	3,299,691	3,662,966	3,873,364
Total net cash outflow s (adjusted value)	2,516,525	1,628,940	1,213,709	1,058,301
Liquidity coverage ratio (%)	241.33%	312.07%	354.40%	296.64%

### EU KMI – Key metrics template (2024)

<i>in thousands of USD</i>	31 December 2024	30 September 2024	30 June 2024	31 March 2024
<b>Liquidity Coverage Ratio</b>				
Total high-quality liquid assets (HQLA) (Weighted value -average)	4,736,429	3,487,947	4,293,681	4,914,967
Cash outflow s - Total w eighted value	4,705,568	4,077,948	5,151,667	5,289,983
Cash inflow s - Total w eighted value	2,485,236	3,125,913	3,191,177	3,374,416
Total net cash outflow s (adjusted value)	2,220,333	1,019,487	1,960,491	1,915,567
Liquidity coverage ratio (%)	213.32%	342.13%	219.01%	256.58%

Year-over-year, High Quality Liquid Assets (“HQLA”) increased by USD 1.3 billion. The rise has been mainly driven by increased liquidity and related treasury investment activity. The increase in net liquidity outflows is mainly driven by higher eMoney liabilities and increased payment volumes.

## 3.4.7 Net Stable Funding Ratio

During the course of 2025, the Bank complied with a the CSSF liquidity requirement, which requires a minimum Net Stable Funding Ratio of 100%. Over the years 2025 and 2024, NSFR was:

### EU KMI – Key metrics template (2025)

<i>in thousands of USD</i>	31 December 2025	30 September 2025	30 June 2025	31 March 2025
<b>Net Stable Funding Ratio</b>				
Total available stable funding	7,947,792	7,925,188	7,566,460	7,009,645
Total required stable funding	4,070,157	4,075,168	4,149,383	3,959,913
NSFR ratio (%)	195.27%	170.21%	167.11%	194.40%

### EU KMI – Key metrics template (2024)

<i>in thousands of USD</i>	31 December 2024	30 September 2024	30 June 2024	31 March 2024
<b>Net Stable Funding Ratio</b>				
Total available stable funding	5,918,132	6,122,783	6,040,459	5,983,104
Total required stable funding	3,468,307	3,597,252	3,614,719	3,077,662
NSFR ratio (%)	170.63%	170.21%	167.11%	194.40%

## 3.5 Other Risks

### 3.5.1 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human error or due to external events such as natural disasters and fraud. This risk is inherent to the nature and complexity of the Bank’s core business transactions.

The following risks were identified as requiring a capital allocation in the ICAAP:

- Legal risk
- Regulatory and Financial Crimes risk
- Continuity of Operations risk
- Extended Enterprise / Third Party risk
- Technology risk
- Information Security risk
- Privacy risk.

The following other operational risks impacting the Bank have been assessed. Upon carrying out this assessment it was concluded that an additional capital allocation would not contribute to risk mitigation. Instead, the risks would be best mitigated by having sound processes in place:

- Human Capital risk
- Internal Fraud risk
- External Fraud risk
- Safety and Physical Security risk
- Risk Culture & Conduct Risk
- Financial, Accounting, and Reporting risk
- Network risk
- Product Lifecycle Execution risk
- Internal Process risk
- Tax risk.

The details on the material operational risks with respect to Pillar II capital requirements are provided below.

### **3.5.1.1 Legal risk**

Legal risk is defined as the risk of loss arising from unenforceable or inadequately documented contractual arrangements, failure to comply with applicable laws and regulations (including obligations not arising from contractual arrangements), adverse legal or regulatory actions, or the mismanagement of legal rights and obligations.

Legal risk forms part of the Bank's overall operational risk framework and arises from the Bank's business activities, including its contractual relationships with customers, merchants, partners, and service providers, as well as from the evolving legal and regulatory environment in which the Bank operates. This includes risks related to compliance with applicable legislation and regulation, consumer protection requirements, data protection and privacy obligations, corporate governance and company law requirements, and the potential for litigation, claims, or regulatory enforcement actions. Legal risk also arises from outsourcing and third-party arrangements, including the risk of non-compliance with contractual and regulatory obligations by external service providers.

The legal function, overseen by the Head of Legal manages its legal risk. Responsibilities of the legal function include the review and oversight of contractual arrangements, legal support and challenge in relation to products and business initiatives, monitoring and assessment of legal and regulatory developments, and the management of disputes, claims, and regulatory interactions. The Legal function operates in coordination with Risk, Compliance, and other internal control functions to ensure that legal risks are appropriately identified, assessed, managed, and mitigated in line with the Bank's risk appetite and internal policies.

### **3.5.1.2 Regulatory and Financial Crimes risk**

The Bank defines Regulatory and Financial Crimes risk as risks related to the structure, processes, and capabilities that allow the Bank to meet regulatory requirements and prevent financial crimes.

The Compliance function, as part of an enterprise level risk and compliance programme, works to ensure that the Bank complies with all applicable laws and regulations. The Chief Compliance Officer has full delegated responsibility for ensuring that adequate policies, processes and systems are in place to ensure the Bank meets its regulatory requirements, including adequate measures to keep the Bank operating in line with regulatory requirements associated with the operating licenses granted by the CSSF.

The Chief Compliance Officer is responsible for ensuring that adequate processes are in place to ensure full compliance; additionally, he/she also identifies best practices within the market (where relevant) to be incorporated in processes, policies and procedures.

### **3.5.1.3 Continuity of Operations risk**

The Bank defines Continuity of Operations risk as the risk of the loss, disruption, or compromise of the infrastructure, business processes, facilities, or employees that may threaten PayPal's ability to sustain operations and provide essential products or services in the event of a natural disaster, power outage, site outage, etc.

The Resiliency, Incident & Issue Management Team provides the Bank with the framework to oversee the business continuity, disaster recovery, incident, and crisis management risks of the Bank and ensures that adequate measures are taken to keep the infrastructure of the Bank operating in line with business requirements. The implementation of the framework allows the Bank to ensure that all business functions are prepared to prevent impacts from a potentially disruptive event, and to maintain business operations at normal or near-normal performance should a disruptive event occur. Information related to the status and execution of resiliency program is reported to the OCRC on ad-hoc basis.

As part of its Continuity of Operations risk management, the Bank identifies all critical business functions, ensures the business impact analyses are performed as required, Business Continuity Plans are developed and Recovery Strategies for the critical business functions are exercised. As part of the 2025 disaster preparedness, Local Event Management/ Critical Incident Team training was conducted for senior members of the Bank and an exercise was completed.

### **3.5.1.4 Extended Enterprise/ Third Party risk**

The Bank defines the Extended Enterprise/ Third Party Risk as risks posed by the Bank's dependence on or association with third parties across its full range of operations, or by a failure to optimize the value of the third-party ecosystem.

The Bank outsources certain key functions to PayPal Group companies, and the Authorised Management has put in place SLAs to manage these services provided. SLAs performance is monitored on a monthly basis and reported as a key part of the Bank's Affiliate Services program. The performance reporting is undertaken by the Outsourcing team. An appropriate outsourcing policy is in place, in line with CSSF Circular 12/552 as amended and CSSF Circular 25/882 on third-party ICT service providers for DORA-in-scope entities, and all SLAs are reviewed annually to validate the respective input and ensure they are up-to-date and in line with business requirements.

The following control activities are performed with respect to all material outsourcing relationships:

- Each SLA provides for annual reviews of service description and performance levels, with monthly monitoring metrics (KPIs) defined within each SLA.
- The procedures for monitoring the performance and evaluation of service providers are as follows:
  - The Outsourcing team implemented a process to regularly monitor performance under outsourcing arrangements. Each SLA is rated based on its performance with respect to the defined service levels using a traffic-light approach. An additional assessment related to outsourcing impact is performed in case service levels are not sufficiently met, to arrive at the rating.
  - The performance of intra-group service providers under the SLAs is reported monthly to the Authorised Management via the OCRC and quarterly/annually to the ARCC.

- On an annual basis (at minimum), the Outsourcing team ensures that a formal review of the outsourcing arrangements is undertaken, and a report is submitted to both the Authorised Management and the ARCC, for approval of the annual program.

In addition to the controls performed by the Outsourcing team, the Credit Risk & Governance team performs Monthly Business Review with the US Credit team.

### **3.5.1.5 Technology risk**

The Bank defines Technology risk as the risk of loss resulting from ineffective technology infrastructure, information security or data management. These scenarios would impact current and future technology requirements from the business, and possible shutdown of the PayPal website. Technology includes front-end customer sites, the payment engine, and back-end technology needed to run the business.

Investments have been made to evolve PayPal's technology through its re-platforming initiative from being fit for purpose to becoming best in class. PayPal Europe Head of International Cyber Risk & PayPal Europe CISO directs the regional technology and information security strategy to ensure that technology risks and controls are adequately and effectively managed in line with the business objectives. Additionally, PayPal Europe TISO operates at the second line of defense and provides independent oversight on the effectiveness of technology risk management and compliance. Furthermore, risks arising from IT Systems shall be reported to the OCRC.

### **3.5.1.6 Information Security risk**

Information security risk refers to the risk that data is exposed, exfiltrated, altered, or destroyed due to insecure management or unauthorised/ inappropriate use.

These risks encompass data breach, software and site security, and operations security (e.g., prevention of denial of service attacks, viruses, etc.), whereby customer data could be compromised through employee misconduct, negligence, or external access obtained to PayPal systems and/or site functionality is hacked or exploited by an outside party via code or feature flaws, system vulnerabilities or other means.

PayPal Europe Head of International Cyber Risk & PayPal Europe CISO ensures that information security risks and controls are adequately and effectively managed in line with the business objectives. This role covers the PayPal Europe Information Security Officer (ISO) requirements. Additionally, PayPal Europe TISO provides independent oversight on the effectiveness of security risk management and compliance. The roles and responsibilities associated with Information Security risk management are available in the Bank's Information Security Policy.

### **3.5.1.7 Privacy risk**

The Bank defines Privacy risk as the risk of inappropriate processing or loss of personal information that may result in financial losses, regulatory violation, and decreased customer and employee trust. The risk can materialize as a result of regulatory violation, loss, and fines from failing to process, administer or otherwise safeguard consumer data in a manner consistent with regulatory requirements.

Privacy and banking secrecy are fundamental elements of the Bank's value proposition. As such, a breach or incident resulting in a significant loss of personal data may lead to financial sanctions, loss of license, increased regulatory oversight, decreased revenue resulting from potential litigation or loss of business relationships, as well as a negative impact on the PayPal brand. Therefore, a number of privacy controls are in place to mitigate such loss.

Additionally, the Bank has appointed a Data Protection Officer to oversee the data protection and banking secrecy compliance risks of the Bank and to ensure adequate measures are taken to keep the Bank operating in line with regulatory requirements associated with the operating licenses granted to the Bank by the CSSF. The roles and responsibilities associated with privacy risk management are available in the Privacy Policy and global privacy standards. Furthermore, Data Privacy risks are reported to the OCRC on a monthly basis.

### **3.5.2 Strategic risk**

Strategic risk is defined as the risk that PayPal's strategy is ineffective, including lack of responsiveness to industry and regulatory changes. This risk is a function of the compatibility of the Bank's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these targets, and the quality of implementation.

In order to mitigate its Strategic risk, the Bank has in place a comprehensive strategic decision-making process providing respective assessment metrics to management and has allocated dedicated resources to support appropriate decisions in the best possible manner.

Strategic risks are faced in the form of:

- Corporate strategy risk, i.e., the risk of declines in future revenues and market share associated with PayPal's competitive environment.
- Competitiveness risk, i.e., the risk of lost opportunities or missed objectives associated with strategic decisions.
- Geopolitical risk, i.e., the risk of adverse financial, regulatory, or reputational consequences resulting from global political changes or instability.

The respective teams in charge of managing the risks, as well as processes in place, ensure that the Bank's exposures to strategic risk are monitored and controlled on on-going basis aiming to minimize negative impact from global changes by responding, appropriately, to industry, political and regulatory changes.

### **3.5.3 Reputational risk**

Reputational risk is the risk of losing customers, key employees, or the Bank's ability to compete due to adverse publicity or an event causing customers and stakeholders to lose confidence in the competency and integrity of the PayPal brand due to business practices and associations.

The risk arises from negative perception on the part of customers, counterparties, shareholders, investors, debtholders, market analysts, other relevant parties or regulators that can adversely affect an institution's ability to maintain existing, or establish new, business relationships and continued access to sources of funding.

Reputational risks are faced in the form of:

- Brand and Reputation Management risk; and
- Corporate Sustainability and Impact risk (further details on the management of relevant risks are pointed out in par 3.5.4 "Corporate Sustainability and Impact Risk" of this report).

The Bank considers and manages reputational risks in its decision-making process, including in its design and enforcement of policies, procedures, and processes designed to safeguard from and assist the Bank with mitigating the risk.

### **3.5.4 Corporate Sustainability and Impact Risk**

Corporate Sustainability and Impact risk is the risk of an inability to meet expectations of regulators, customers, general public, and other stakeholders around issues of sustainability, social responsibility, and ethics.

Corporate Sustainability and Impact risk is integrated into the Bank's enterprise risk assessment process and into the risk assessment of new initiatives. Relevant KRIs are reviewed and updated annually and reported to the Authorised Management. Furthermore, sustainability considerations are incorporated into the calculation of staff variable remuneration, as described in section 4.3 "Remuneration Policy" of this report. The Bank conducts an annual Climate and Environmental Risk Assessment, consistent with its overall risk assessment methodology. The results of the 2025 Climate and Environmental Risk Assessment indicate that related risks remain low in the short and medium term, and moderate in the long term. This reflects the Bank's predominantly digital business model, which does not involve direct financing of carbon-intensive sectors or physical assets exposed to acute climate events. The Bank's risk exposures are principally transition risk (regulatory or market-driven shifts affecting the payments ecosystem), physical risk (considered primarily in the context of operational resilience), and social and governance risks (managed through existing compliance, conduct, and data privacy frameworks).

Corporate Sustainability and Impact risk does not require a standalone Pillar II capital allocation at this time, as it is adequately captured within other risks. This assessment is reviewed annually as part of the ICAAP. The Bank will continue to align its Environmental, Sustainability and Governance (“ESG”) disclosures with the EBA Implementing Technical Standards expected to apply from 31 December 2026.

## **4 Management body's selection and Remuneration Policy**

### **4.1 External directorship**

As at 31 December 2025, two members of the Authorised Management each held one external directorship outside the PayPal Group.

Four members of the Supervisory Board held a total of 27 directorships outside the PayPal Group, broken down as follows:

- One member held eight (8) – commercial mandates only; excluding charities, non-profits, and personal wealth management.
- One member held ten (10) – commercial mandates only; excluding charities, non-profits, and personal wealth management.
- One member held two (2).
- One member held seven (7).

### **4.2 Appointment of the Members of the Management body**

The "PayPal Europe Assessment of Suitability of Management Bodies and Key Functions Addendum" ("Addendum") ensures compliance with key regulatory requirements, including: (i) the obligations outlined in CSSF Circular 12/552 on central administration, internal governance, and risk management, as amended; (ii) the joint guidelines issued by the EBA and the European Securities and Markets Authority ("ESMA") on the assessment of the suitability of members of management bodies and key function holders (EBA/GL/2021/06) (the "Joint ESMA and EBA Suitability Guidelines"); and (iii) the guidance provided by the CSSF on 30 June 2017 regarding the prudential approval process for key function holders in credit institutions, as subsequently updated.

The responsibility for identifying and vetting potential candidates for positions within the Management Body rests with the Chief Executive Officer, or their delegate, in consultation with the RemCo and the Head of HR. The Committee is tasked with making recommendations to the Supervisory Board regarding the appointment of members to the Management Body.

In accordance with the requirements of the Addendum, the suitability of members of the Management Body is assessed prior to their appointment.

As part of the suitability assessment for the Management Body, in addition to checking the individual suitability of the new member, the overall composition (i.e., collective suitability) of the Supervisory Board/ Authorised Management is also considered to ensure strong governance capability of the Management Body.

The assessment of candidates proposed for appointment as members of the Management Body considers the following criteria in line with the Joint ESMA and EBA Suitability Guidelines:

- Sufficient time commitment.
- Limitation of directorships.
- Sufficient knowledge (and where necessary, theoretical knowledge), skills and experience, individually and collectively, in the field of banking and financial activities, especially in the Management Body member's/ Key Function Holder's field of responsibility with respect to applicable standards, that is commensurate with the Bank's nature, scale and complexity of the activities and risks.
- Reputation, honesty, integrity.
- Independence of mind.
- Diversity. The aspects of diversity to be considered are the characteristics of the members of the Management Body, including their age, gender, geographical origin, and educational and professional background. The promotion of diversity shall be based on principle of non-discrimination and equality, including equal opportunities, based on gender, sexual orientation, change of sex, gender identity, skin colour, social origin, genetic features, language, ways of life, beliefs and opinions, political or other, property, birth, family situation, health status, disability, age, membership or non-membership, actual or assumed, of an ethnic group, nation, race, minority or religion.

In addition, each member was duly authorised to act as director by the CSSF, which assessed their professional standing, experience and reputation in accordance with the Law of 5 April 1993 on the financial sector, as modified.

In accordance with the Addendum, all members of the Management Body should be re-assessed for suitability annually and when events make a re-assessment necessary in order to verify ongoing suitability.

All suitability assessments and their outcomes are documented in writing. For the purpose of performing the assessment, template suitability questionnaires have been created utilising Annex I (Suitability Matrix) to the Joint ESMA and EBA Suitability Guidelines.

The Nomination and Succession Planning Policy establishes a comprehensive framework for managing Board transitions and ensuring governance continuity. The policy addresses structured succession planning needs, recognizing that effective Board composition directly impacts regulatory compliance and strategic objectives. Furthermore, it manages various transition scenarios, including planned retirements and regulatory disqualifications, with immediate resignation requirements for disqualified Board members.

The policy emphasizes maintaining balance between renewal, stability, and continuity. It lays out the requirement for annual succession plan reviews by the RemCo for the Authorised Management and internal functions.

The Head of HR and the RemCo ensure succession planning receives appropriate operational and governance attention. Orientation and onboarding initiatives ensure new Board members acquire necessary knowledge and expertise.

The Bank’s commitment to maintaining strong performance and compliance is evident throughout, serving as a critical tool for governance excellence through clear frameworks for term limits, renewals, transition management, and performance evaluation.

## 4.3 Remuneration Policy

### 4.3.1 Remuneration & Nomination Committee of the Bank and external support.

The Bank is an indirect subsidiary of PayPal Holdings, Inc. PayPal establishes compensation in accordance with the guidelines and framework set forth by the Compensation Committee of the Board of Directors of PayPal Holdings, Inc. and its subsidiaries.

In Luxembourg, the RemCo oversees the Remuneration Policy. The RemCo is a specialized committee of the Supervisory Board comprising at least three (3) members of the Supervisory Board who are not members either of the Authorised Management or of the Bank’s staff. The RemCo shall comprise at least one (1) member of the ARCC. The current membership of the RemCo includes:

Members	Voting member?	Independent Non-Executive Director?
Dominique Reiniche (Chairperson)	Yes	Yes - Member of the Supervisory Board
Norbert Becker	Yes	Yes - Chairperson of the Supervisory Board
Alain Kinsch	Yes	Yes - Member of the Supervisory Board and Chairperson of the ARCC

The job holders of the following roles/ functions are invited to attend regular meetings:

- The Chief Executive Officer, who is responsible for People and Compensation matters for the Bank.
- The People Business Partner, representing the global People function, and who is responsible for presenting HR matters.
- The Compensation Partner, representing the global Compensation function, and who is responsible for presenting Compensation and Regulatory compensation matters.

The aforementioned persons attend the RemCo’s meetings, but they are not members of it, they do not have voting rights, and they do not take part in people and/or compensation discussions which would impact them directly.

Depending on the agenda, the RemCo may also invite other stakeholders to discuss or present matters falling in their remit or scope of expertise, such as:

- The Chief People Officer of PayPal Holdings, Inc.
- The Global Head of Total Rewards of PayPal Holdings, Inc.
- Other members of the Global People or Global Total Rewards teams whose expertise would be relevant to the RemCo.
- Heads of the Internal Control Functions.
- Any Bank's or PayPal, Inc.'s other officer desired by the RemCo or its chairperson to attend the RemCo .

The aforementioned persons can attend the RemCo's meetings, but they are not members and they do not have voting rights.

The primary responsibilities of the RemCo are to:

- Review and recommend to the Supervisory Board potential changes to the structure and nature of the total compensation package, as determined by the Remuneration Policy.
- Consider any pertinent changes in the external legal or regulatory environment potentially impacting compensation and benefits policies and practices for key employees, ensuring that risk/ reward ratios are consistent with both short-term and long-term sustainability of the Bank.
- Review the list of staff whose professional activities have a material impact on the risk profile of the Bank.
- Review and recommend to the Supervisory Board the proposed compensation for the annual salary review of the Bank.
- Review and recommend to the Supervisory Board the proposed performance assessments of senior executives within the scope of the Remuneration Policy and make recommendations on their proposed compensation and equity allocations.
- Oversee the remuneration of the senior officers in the internal control functions, including the Internal Audit, Risk Management and Compliance functions.
- Ensure the adequacy of the information provided to shareholders on remuneration policies and practices, in particular, on a proposed higher maximum level of the ratio between fixed and variable remuneration.
- Make recommendations to the shareholders of the Bank for all matters relating to the appointment and removal of members of the Supervisory Board and its various specialised committees (noting that the membership of the Supervisory Board shall at all times comprise a majority of independent persons, and the members of the Supervisory Board shall be appointed by the shareholders of the Bank, who will also determine the number of members appointed from time to time).
- Make recommendations to the Supervisory Board for all matters relating to appointment and removal of members of the Authorised Management and key internal control function appointments, including the Chief Risk Officer, Chief Compliance Officer, and Chief Internal Auditor. Proposals by the Authorised Management to remove members of the Authorised Management or internal control functions shall be submitted to the RemCo for approval and notified to the CSSF.
- Apply a broad set of qualities and competences, including diversity, when making recommendations for the appointment of Supervisory Board members, the Authorised Management and key internal control functions. It will, in principle, aim at improving the representation of the under-represented sex among

the identified members of the staff exercising management functions in accordance with the Commission Delegated Regulation (EU) 2021/923.

- Conduct an annual review of the succession plans and career development processes and assist the Supervisory Board in evaluating these plans and processes.
- Oversee the progress of diversity in the Bank.

The RemCo held four meetings in 2025; no external consultant participated in such meetings.

The compensation for the Independent Non-Executive Directors consists of fixed fees only. The remaining members do not receive remuneration for their Supervisory Board membership.

### **4.3.2 Scope of the Remuneration Policy**

The Remuneration Policy applies to:

- All employees, including those employees who are seconded from time to time.
- All employees who are members of the administrative and management bodies as well as those categories of staff whose professional activities have a material impact on the risk profile of PayPal Europe.
- All employees of any subsidiary or branch of PayPal Europe<sup>3</sup>. To the extent that local applicable regulatory requirements on remuneration are stricter than the ones transposed in the Policy, local requirements will be applied.

### **4.3.3 Material Risk Takers**

The Bank conducts and documents an annual self-assessment to identify its “Material Risk Takers” (“MRTs”), also known as “Identified Staff”, individuals whose professional activities have a material impact on its risk profile. The list is updated at least annually or may be updated more frequently to reflect any changes.

A Working Group, consisting of Regulatory Compensation, People, Enterprise Risk Management, Compliance, Legal, Entity Management and People Risk teams, conducts the self-assessment based on the following:

- Quantitative and qualitative identification criteria set by Article 92 of Directive (EU) 2019/878 (“CRD V”).
- Quantitative and qualitative identification criteria set by the Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council.
- An analysis of job functions and responsibilities, considering PayPal Europe’s risk profile as well as its organization, activities, governance framework.

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<sup>3</sup> As at 31 December 2025, there were no subsidiaries or branches.

The outcomes of the self-assessment and the list of MRTs is reviewed by the Authorised Management before being reviewed by the RemCo and approved by the Supervisory Board.

As at 31 December 2025, the Bank had twenty-seven (27) active MRTs, as described in the following table:

Headcount	Description
5	Members of the Supervisory Board, including three Independent Non-Executive Directors.
22	<p><b>PayPal employees</b></p> <p>All of them were in Senior Manager and above levels: two (2) Senior Managers, eleven (11) Directors, six (6) Senior Directors and three (3) Vice Presidents. Out of the eleven (11) MRTs in Director level, one (1) was employed by another PayPal company in Luxembourg but has been identified as MRT for the Bank during the self-assessment process.</p> <p>Fourteen (14) MRTs have been identified under multiple criteria, and one (1) employee has been identified as MRT on the sole basis of quantitative criteria.</p> <p>In line with the categories set in the reporting table REM5, MRTs could be categorized as follows:</p> <ul style="list-style-type: none"> <li>• Three (3) members of the Management Body in the Management function, i.e. Members of the Authorised Management.</li> <li>• Ten (10) employees in Corporate Functions.</li> <li>• Six (6) employees in Independent internal control functions.</li> <li>• Three (3) employees in other functions, i.e. Credit, Payments, Markets and Partnerships.</li> </ul>

The list of MRTs has been reviewed on a regular basis during the year 2025 and the final list for 2025 was reviewed by the RemCo and approved by the Supervisory Board during its November 2025 meeting.

#### 4.3.4 Design and structure of the remuneration system for MRTs

##### 4.3.4.1 Overview of the Remuneration Policy and related decision-making process

The Remuneration Policy is designed to reflect both local specifics and PayPal's compensation philosophy, which helps define how compensation programs support the goals and the culture of the organization. All elements of compensation and benefits are described in the policy, i.e., base pay, incentive pay, stock programs, and all types of benefits.

The Policy is reviewed annually. In 2025, updates included the introduction of a new career framework, changes to PayPal's bonus plan, and the introduction of a new compensation element (i.e., lump sum payment). Minor clarifications were made to the policy to align with global PayPal policies, as well as some editorial changes. The update was coordinated by the People/ Regulatory Compensation teams with support from Finance, Risk, Talent Management, People Risk, Employment and Compensation Legal teams. It was reviewed and approved by the Authorised Management in June 2025 and subsequently shared with the RemCo and Supervisory Board, who approved it in July.

The compensation philosophy respects the principle of equal pay for all genders for equal work or work of equal value and ensures that no remuneration component is influenced by gender. Salary ranges and benefits are gender neutral and are assigned based on the market value of each role as documented in the relevant job descriptions. This includes consideration of required professional experience, organizational responsibilities, assigned tasks and duties, nature of activities and market data, irrespective of gender. Variable compensation plans are gender-neutral ensuring that gender has no influence whatsoever on the eligibility, performance assessment criteria, award and pay-out condition or the amount awarded as variable remuneration.

As a matter of principle, PayPal supports levels of remuneration necessary to attract, retain and motivate high quality people required to lead, manage and serve PayPal in a competitive environment, while also balancing this against the overall risk management framework of PayPal. PayPal considers that market appropriate levels of remuneration are essential to enhance the long-term interests of its stakeholders, including its shareholder and parent entities.

The objectives of the Remuneration Policy are as follows:

- Promote sound and effective risk management
- Encourage behaviours, culture, and conduct (as reflected in the PayPal Code of Business Conduct and Ethics) that do not induce excessive risk-taking, and are aligned with the business strategy, objectives, values and long-term interests of the Bank.
- Ensure that the total variable remuneration does not limit the Bank's ability to strengthen its capital base
- Align remuneration with prudent risk-taking, the outcomes of business activities, the risks related to those activities and the time necessary for outcomes to be reliably measured.
- Attract, retain and motivate capable leaders in a competitive market.
- Provide balanced remuneration that includes base pay and other benefits offered by PayPal, short-term incentive awards offered by PayPal and equity-based remuneration granted by PayPal Holdings, Inc.
- Contribute to appropriate attraction and retention strategies for the European Leadership team and other key employees.
- Understand and account for how short-term incentive awards offered and longer-term performance objectives factor into the desire to drive successful organizational performance.
- Ensure that the structure of the remuneration of employees in internal control functions, including performance-based components (if any), does not compromise their independence in carrying out their duties.
- Ensure remuneration practices are transparent and fair.
- Ensure that remuneration practices are gender neutral.

#### **4.3.4.2 Remuneration structure for Material Risk Takers**

Total remuneration is made up of fixed and variable components. As a general rule, the fixed component of remuneration represents a significant proportion of total remuneration. Fixed remuneration reflects the

relevant professional experience and organizational responsibility of staff and is predetermined, non-discretionary and non-revocable. With respect to the variable components, the Bank may withhold bonuses entirely or partly when individual performance criteria are not met by the individual concerned, or when the PayPal Holdings, Inc. business or PayPal Europe's performance do not meet threshold financial requirements. The remuneration disclosure provides the overview of the current remuneration structure, but each individual employee may only be eligible for certain (and not all) of the remuneration elements.

### **4.3.4.3 Fixed Remuneration Components**

#### **4.3.4.3.1 Base Salary**

Pay structures consist of a hierarchy of pay ranges that represent competitive pay levels for all jobs within the organization. Each job is assigned a market-aligned pay range based on competitive pay data from the local market. These ranges are reviewed periodically using benchmark surveys and input from external consultants. Any adjustments to salary ranges are reviewed and approved by PayPal Holdings Inc.'s Senior Vice President, Total Rewards and People Operations.

Annual base salary is generally delivered in 12 monthly instalments.

Employee base salaries are determined within the established salary ranges based on the type of work, experience, expertise and performance. Each year the Bank may establish a salary and promotion budget based on market trends and affordability to prepare for base salary and promotion review.

As part of this process, people leaders make recommendations for employee salary increases, taking into account an employee's performance and salary position within the salary range. Typically, salary increases occur in April or, on an exception basis, throughout the year, within the budget provided, or as required by local law. On an exceptional basis, when an employee's position in range is high, a one-time lump sum payment may be paid to the employee, substituting for or supplementing an annual base salary increase.

Individual pay and promotion decisions are reviewed by the RemCo to ensure they are appropriate, within the guidelines, fair, and equitable across all employees. Final approvals are required from PayPal, Inc.'s Executive Vice President, Chief People Officer and PayPal, Inc.'s Chief Executive Officer, or their delegates, as applicable.

Any government mandated pay increases are implemented and are effective no later than the date required by regulations.

#### **4.3.4.3.2 Allowances**

Occasionally, special allowances may be available to key employees. For example, if the Bank requests that an employee relocates or an employee accepts a role in a new location, the Bank may offer a special allowance if the employee's family does not relocate to the new location. Any such allowance is based on what is reasonable and customary under the circumstances. Special allowances are not intended to be a

windfall for the employee; instead, they are intended to account for the employee's unique personal situation and to protect the employee from financial loss as a result of the business request or change. Depending on the particular circumstances, special allowances may include a housing allowance, transportation allowance, travel allowance, tax support and/or maintenance of health benefits.

For selected roles, role-based allowances are made available to senior employees, mainly in MRT roles. Any such allowances must meet the following criteria:

- Allowances are not in any way performance based.
- Allowances are tied to a role or organisational responsibility and remain in effect as long as no material changes are made regarding the responsibilities and authorities of the role.
- Allowance amounts are determined based on the career level, experience and expertise and potential of eligible employees.
- Any two staff members fulfilling the same role or having the same organisational responsibility and who are in a comparable situation would be entitled to comparable allowances.

#### **4.3.4.3.3 Benefits**

Benefits form part of fixed remuneration. Following is a summary of the main benefits the Bank provides to its Luxembourg-based employees:

- A defined contribution pension scheme is part of the benefits package for Luxembourg employees. The Bank does not provide defined benefit or discretionary pension schemes.
- A life, short term disability and long-term disability insurance is provided by the Bank.
- Meal vouchers.
- Various types of leaves of absence and paid time off (e.g., sabbatical leave, parental bonding leave and related payments, crisis leave, etc.).
- A gym membership subsidy.
- An Employee Stock Purchase Plan ("ESPP") is available to all employees and provides the opportunity to buy shares of PayPal Holdings, Inc. common stock at 85% of the "Fair Market Value" of such common stock on either the first day of the offering period or the actual purchase date, whichever is lower.
- Payments pursuant to the provisions of the applicable Collective Bargaining Agreement ("CBA").
- "PayPal Props!" recognition program recognizing employees for embodying PayPal values, living PayPal Leadership Principles, and going that extra mile. An award is granted in the form of points which employees can use to select products, gift cards, or make charitable contributions through the platform's global e-commerce store.

#### **4.3.4.4 Variable Pay**

##### **4.3.4.4.1 Incentive Plan – Luxembourg Variable Pay Plan ("LVP")**

Variable remuneration, which is provided in addition to base salary, is designed to reward performance based on the achievement of specific performance criteria. The performance criteria are a combination of individual performance goals and company performance goals.

The LVP is designed to incentivize and reward the Bank's MRTs for both PayPal performance and individual performance.

Under the LVP, each participant will have a target Total Variable Pay award ("TVP Award") that is determined based on career level. The Target TVP Award is expressed as a percentage of the salary.

Excluding any fixed pay elements beyond salary, total variable pay components delivered under the LVP represent the following proportions of total annual target remuneration:

- Total variable pay components at target range from 17% to 47% of total annual target remuneration for those in Senior Manager to Vice President career levels.
- Maximum total variable pay components range from 29% to 64% of total annual target remuneration for those in Senior Manager to Vice President career levels.

#### **4.3.4.4.2 Other incentives**

Employees are eligible to other variable pay awards, including cash-based Patent Awards Transition payments and Employee Referral Bonuses. The amounts of those payments, which are not material compared to awards made under LVP, are set by internal guidelines.

In addition, from time to time, in addition to annual equity grants, an additional equity grant may be provided on a discretionary basis to high-performing, high-potential employees ("Special Equity Award"). Participants in the LVP are eligible to receive the Special Equity Award. However, any such awards granted to MRT employees are subject to approval by the RemCo, included in the fixed-to-variable pay ratio calculation and subject to the same deferral (four years pro-rata vesting), retention (one year from vest date), malus and claw-back provisions as equity grants made under the LVP.

#### **4.3.4.5 Performance measurement**

To support its pay-for-performance principles, PayPal has a robust and transparent framework in place to ensure that the level and composition of remuneration is reasonable, and both clearly and measurably linked to performance, to enhance the long-term interests of the company.

The TVP Awards for the MRTs are based on both company and individual performance and can range from 0% to 200%, depending on the actual performance measured:

- For the year 2025, the company component was reflective of PayPal, Inc. transaction margin and non-GAAP operating income. In addition, funding and payouts under the LVP are subject to the Bank meeting minimum solvency and liquidity standards. Should the Bank not meet the established minimum multi-year solvency and liquidity requirements applicable to a performance period, no TVP Award will be made for that performance period.

- The individual bonus percentage is determined by the people leaders based on the impact assessment made by the people leaders. In case the individual bonus percentage equals to zero (0), the overall payout will be zero (0) as well.
- People leaders assess and document the annual performance and achievements in the annual impact assessment. People leaders must ensure that they have considered in the employee's evaluation behaviour standards set out in PayPal's policies and procedures which include, PayPal Code of Business Conduct and Ethics and applicable employment policies amongst others, avoiding excessive risk taking and working in a manner that aligns to PayPal values, leadership principles, and risk appetite, as well as full adherence to local laws and regulations. The RemCo reviews the outcomes of the impact assessment and the related individual bonus percentage for all MRTs.

#### **4.3.4.6 Ex ante and ex post risk adjustments**

Variable remuneration is only paid, provided that solvency and capital ratios permit, and is reflective of individual and collective performances as well as reflective of the risk dimension (inclusive of ESG-related risks). Subject to any applicable policy and law, and based on a RemCo and People Function Lead's recommendation, variable remuneration can be adjusted down to zero by the Supervisory Board at collective or individual levels to reflect risk issues, protect the financial soundness of the institution or to respond to significant unexpected or unintended consequences that were not foreseen by the Management Body. When reviewing variable remuneration during the annual review cycle, the RemCo and the Supervisory Board shall take into consideration:

- The input provided every year-end by the Risk Management and Compliance functions on whether performance or risk culture issues have been identified and need to be brought to RemCo's and the Supervisory Board's attention. In practice, the Chief Risk Officer provides the RemCo with an attestation document for the related performance year on the completion of the RCP, and whether MRTs could have been involved into individual conduct issues, or excessive risk appetite decisions tied to the Bank's culture of compliance/ culture of sound risk taking. This attestation also provides insights on progress made on ESG matters and a recommendation on whether variable pay adjustments for the employees should be considered. The information provided helps the RemCo and the Supervisory Board to take informed decisions in terms of individual remuneration, disciplinary measures, or execution of clawback procedure.
- Breach of ARCC escalation threshold for employees working in PayPal Europe's business units: ARCC escalation threshold defined as part of the risk appetite is breached for Total Capital Ratio, Liquidity Coverage Ratio and/or Net Stable Funding Ratio metrics for three (3) consecutive months over the past year.
- Individual risk and compliance related issues that would be reported by people leaders and escalated by the People function. In addition, as part of the individual annual performance review process for MRTs:
  - During the annual performance assessment process, people leaders of MRTs shall confirm that individual risk and compliance achievements have been considered within the performance assessment. The assessment shall consider the role and responsibilities held by the employee

within the organization. When making variable pay proposals at a later stage, people leaders shall ensure that the risk and compliance achievements are properly reflected.

- People leaders of MRTs shall also confirm through the MRT individual assessment whether they are aware of any breach of compliance or misconduct that could trigger a reduction in the previously awarded variable remuneration through ex-post risk adjustment measures (e.g., malus, clawback). In addition, people leaders shall also confirm that MRTs have completed ESG-related goal set for 2025.

#### **4.3.4.7 Remuneration of staff in internal control functions**

To prevent from conflicts of interest, the following rules to the remuneration of staff in internal control functions are applied:

- The total compensation should be mainly fixed compensation: the total annual actual variable pay of the employees working in internal control functions shall be lower to the annual fixed compensation.
- When assessing the individual achievements of employees in internal control functions, the criteria used for evaluating the individual performance should predominantly be qualitative.
- The variable pay of employees has no direct link with the performance of PayPal Europe's business units (eMoney and credit).

#### **4.3.4.8 Guaranteed variable remuneration**

##### *Guaranteed variable remuneration in context of separation*

Golden parachute agreements are not standard practice, and there are no such agreements currently in place that could otherwise compromise decision-making in terms of moral hazard. A dedicated procedure for the determination and approval of severance pay has been established according to which employees are compensated in the case of early termination of a contract. The procedure is coordinated by the People Business Partner who involves all required stakeholders. To ensure compliance with labour law and regulations, severance payments are determined with the support of the Employment Counsel team. Any payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct. Severance payments for MRTs are submitted to the RemCo for review and approval.

##### *Guaranteed variable remuneration in context of hiring*

Occasionally, on a case-by-case basis, a one-time cash bonus and/or equity award may be provided to new hires in key roles ("new hire awards"). New hire awards value and form are determined before the employee's hire date, and the related cash and/or equity award (subject to a vesting schedule) shall be made within the first year of employment. For the avoidance of doubt, with exception of those awards made within the first year of employment in the context of hiring, guaranteed variable remuneration is prohibited.

Generally, new hire awards are used to close a gap between the current compensation a candidate is receiving at his or her current employer when compared to the compensation he or she will receive pursuant to the Bank's remuneration framework or to defray or replace value the candidate would forego from his or her current employer by joining the Bank (e.g., to offset a bonus whose payment date has not yet been reached). In cases where sign-on bonuses are offered as buy-outs from existing contracts, such sign-on bonuses will be aligned with the long-term interests of the Bank. In addition, such sign-on bonuses will be subject to mandatory deferral, retention, claw-back and performance conditions except in cases where the sign-on bonus is offsetting instruments subject only to a deferral period, in which case the sign-on bonus will be delivered in PayPal Holdings, Inc. Restricted Stock Units ("RSUs"), subject to PayPal's normal deferral (vesting) period.

The value of guaranteed variable remuneration in context of hiring is determined on case-by-case basis. The structure and amount of guaranteed variable remuneration are set to ensure compliance with regulations and to ensure PayPal remains competitive and can hire the best talents. PayPal would consider several factors to set the guaranteed variable remuneration, such as the internal level of the role, candidate's experience, skills as well as market competitiveness and scarcity (the candidate has been recruited outside Luxembourg).

#### **4.3.5 Risks and remuneration**

For the relevant performance year, the Chief Risk Officer issues an attestation document in relation to the Bank's risk profile, focusing on various considerations such as the status of adherence to the Risk and Compliance program requirements and controls, adherence to the risk appetite of PayPal Europe, assessment of conduct risk by reviewing internal complaints/misconducts cases during the year, feedback from regulatory authorities, auditors, etc. These considerations are then reviewed and taken into consideration as part of decision making in relation to the compensation for MRTs.

For the year 2025, the Chief Risk Officer has confirmed that there was:

- No individual conduct issue that would justify an escalation to the RemCo with a request to consider an ex-post risk adjustment for the deferred compensation awarded to MRTs was identified.
- No situation where a designated MRT would have demonstrated an inappropriate risk appetite leading to possible (or already materialized) business/ regulatory risk resulting in significant losses to the Bank was identified.
- No adverse business situations that would have unveiled an inappropriate risk appetite taking from previous years were identified.

In addition to the above controls, the Chief Risk Officer confirmed the good level of adherence of the PayPal Europe's business units for what relates to the execution of the risk and compliance management program and the adequacy of its control environment monitored through the issue/ incident/ complaint management frameworks, as well as completion of annual training obligations for 2025 by MRTs.

The Risk Management function and Finance team jointly assess solvency and liquidity impacts of variable pay on the Bank's prudential ratios, considering multi-year projection of payouts. This assessment is based on the review of internally calculated capital needs for the entity, as well as the adequacy of the available capital to cover Pillar II risks, that include credit, market, operational and interest rate risks. The Risk Management function also confirms on an annual basis that no breach of ARCC escalation thresholds for Total Capital Ratio, Liquidity Coverage Ratio and/or Net Stable Funding Ratio metrics for three (3) consecutive months was observed, confirming strong financial stance of the entity allowing to fund payouts for all employees, including MRTs.

It was also confirmed that the Bank is well engaged into a multiannual ESG improvement program and sustainability considerations continue to be incorporated into the calculation of staff's variable remuneration. During 2025, the Bank continued the implementation of its ESG plan and further enhanced its ESG risk management framework. A dedicated ESG Working Group held quarterly meetings to address relevant ESG topics from both a global and local/EU perspective. KRIs were reviewed, updated, and reported annually to both the Working Group and Authorised Management. ESG risks were also integrated into the annual risk assessment exercise and into the risk assessment of new initiatives. The results of the 2025 Climate and Environmental Risk Assessment indicate that ESG-related risks remain low in the short and medium term, and moderate in the long term. Taking those elements into consideration, it was observed that the Bank is now equipped with management metrics covering sustainability risks. It was also confirmed that Authorised Management executes a decision-making process informed by sustainability criteria whenever relevant. Strong progress on the execution of the ESG program means that there is no element of under-performance in this area which could negatively affect the payment of variable compensation to the employees in scope of this attestation.

The assessment of operational/ regulatory risks is also reflected in the performance evaluation of MRTs that requires the people leaders to confirm, amongst others, employees' compliance with internal standards and policies, local regulatory and legislative requirements.

#### **4.3.6 Variable-to-fixed pay ratio**

Different variable-to-fixed pay ratios are applied:

- For employees in internal control functions, the total annual actual variable pay of the employees working shall not be equal to or above the annual fixed compensation.
- It is evaluated annually whether it is appropriate to increase the variable-to-fixed pay ratio limit to above 100% for MRTs. Any such increase is contingent on obtaining shareholder approval. For MRTs (excluding those in internal control functions), under no circumstance shall the actual variable pay of MRTs exceed the lesser of the level approved by the shareholders of the Bank and 200% of fixed pay.

For the year 2025, one MRT had an actual variable pay in excess of 100%, with ratio at 110%. The ratio was approved by the Bank's shareholder and the CSSF was notified accordingly.

As at 31 December 2025, the total actual remuneration for the MRTs was composed by 59% of fixed and 41% of variable remuneration.

## **4.3.7 Link between performance and level of remuneration**

### **4.3.7.1 Main performance and criteria metrics**

In line with the description provided in par. 4.3.4.5 “Performance measurement” of this report, the annual variable pay delivered under the LVP is based on both a company and individual performances.

The target percentages are set for each career level and increase with the level of the employee.

When determining performance-based awards that are made under the LVP:

- The individual performance can range from 0% to 160% and is determined by the people leader. People leaders base their individual bonus percentage proposals based on the guidance provided by the company and the annual Impact Assessment they made for each MRT. As described in par. 4.3.4.5 “Performance measurement” of this report, the Impact Assessment considers the role and responsibilities held by the employee within the organization as well as qualitative criteria, including those in relation to risk and compliance achievements.
- The company performance can range from 0% to 125%. For the year 2025, company performance was measured against the PayPal Group’s non-GAAP operating income and transaction margins.
- The total awards to be paid to MRTs remain subject to the Bank’s financial soundness. Should one of the following metrics not been met by the Bank for three (3) consecutive months, no LVP award will be paid out:
  - Common Equity Tier 1 Ratio of not less than 10%
  - Total Capital Ratio of not less than 13.955%
  - Liquidity Coverage Ratio cannot fall below 100%
  - Net Stable Funding Ratio cannot fall below 100%.

TVP Award cannot exceed 200% of TVP target percentage. Total Variable Compensation inclusive of TVP Award cannot exceed 200% of the Total Fixed Pay, subject to shareholder approval. For employees in internal control functions (e.g., Internal Audit, Risk Management and Compliance), the maximum Total Variable Compensation inclusive of TVP Award cannot be equal to or greater than 100% of the Total Fixed Pay.

### **4.3.7.2 Types of instruments**

The awards made under the LVP are delivered in the form of cash and PayPal Holdings, Inc.’s RSUs. The balance between cash and RSUs has been determined to meet both compliance and market competitiveness

objectives. For employees below the Vice President level, 55% of the award is made in the form of RSUs. For employees in Vice President level, this portion is increased to 60%. The table below describes the different parameters of the LVP:

Career Level	Upfront %	Deferred %	Cash portion % (applies to both Upfront and Deferred components)	RSU portion % (applies to both Upfront and Deferred component)	Deferral period	RSU holding period
8 - Sr Manager	55%	45%	45%	55%	Four-years deferral (annual pro-rata vesting, subject to continued employment)	12 months from the vest date
9 - Director	45%	55%	45%	55%		
10 - Sr Director	35%	65%	45%	55%		
11 - VP	30%	70%	40%	60%		

### 4.3.7.3 Remuneration adjustments and long-term performance

In addition to the ex-post adjustment measures described in par. 4.3.4.6 “Ex ante and ex post risk adjustments” of this report, the deferral policy applied by PayPal encourages long-term performance. Under the LVP, 45% to 70% of the award is deferred over at least four years and 55% to 60% is delivered in the form of RSUs.

The deferred portion vests pro-rata over a four-year period (starting in the year following the award, i.e. two years after the performance year for which the award has been made). In addition, a one-year retention period will be applied to instruments following the vesting period, during which the instruments cannot be sold or transferred.

	UPFRONT			DEFERRED								Total Cash	Total RSUs	
	Total Upfront	2026		Total Deferred	2027 (deferred 1/4)		2028 (deferred 1/4)		2029 (deferred 1/4)		2030 (deferred 1/4)			
		Cash	RSUs		Cash	RSUs	Cash	RSUs	Cash	RSUs	Cash			RSUs
Sr Manager	55%	24.8%	30.3%	45%	5.1%	6.2%	5.1%	6.2%	5.1%	6.2%	5.1%	6.2%	45%	55%
		Retained until 2027			Retained until 2028		Retained until 2029		Retained until 2030		Retained until 2031			
Director	45%	20.3%	24.8%	55%	6.2%	7.6%	6.2%	7.6%	6.2%	7.6%	6.2%	7.6%	45%	55%
		Retained until 2027			Retained until 2028		Retained until 2029		Retained until 2030		Retained until 2031			
Sr Director	35%	15.8%	19.3%	65%	7.3%	8.9%	7.3%	8.9%	7.3%	8.9%	7.3%	8.9%	45%	55%
		Retained until 2027			Retained until 2028		Retained until 2029		Retained until 2030		Retained until 2031			
Vice President	30%	12.0%	18.0%	70%	7.0%	10.5%	7.0%	10.5%	7.0%	10.5%	7.0%	10.5%	40%	60%
		Retained until 2027			Retained until 2028		Retained until 2029		Retained until 2030		Retained until 2031			

### 4.3.7.4 Derogation – Principle of proportionality

The Bank did not apply for the year 2025 the principle of proportionality amongst individuals nor amongst institutions.

### 4.3.8 Quantitative Disclosure

All amounts displayed in REM 1, REM 2, REM 3 and REM 5 are in EUR.

#### 4.3.8.1 EU REM1 – Remuneration awarded for the financial year

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
<b>Fixed remuneration</b>	<b>Number of identified staff</b>	3.00	3.00	4.00	13.53
	Total fixed remuneration	630,000.00	1,631,154.78	1,263,051.04	3,829,358.51
	Of which: cash-based	630,000.00	1,458,191.32	1,132,428.60	3,426,050.13
	(Not applicable in the EU)				
	Of which: shares or equivalent ownership interests				
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: other instruments				
	(Not applicable in the EU)				
	Of which: other forms		172,963.46	130,622.44	403,308.38
	(Not applicable in the EU)				
<b>Variable remuneration</b>	<b>Number of identified staff</b>	3.00	3.00	4.00	13.53
	Total variable remuneration		992,530.01	740,341.56	3,470,978.89
	Of which: cash-based		388,381.23	338,929.07	1,425,790.16
	Of which: deferred		207,598.70	198,890.60	631,027.92
	Of which: shares or equivalent ownership interests		604,148.78	401,412.48	2,045,188.73
	Of which: deferred		469,215.07	243,088.51	1,503,317.47
	Of which: share-linked instruments or equivalent non-cash instruments				
	Of which: deferred				
	Of which: other instruments				
	Of which: deferred				
	Of which: other forms				
	Of which: deferred				
	<b>Total remuneration (Total Fixed + Total Variable)</b>	<b>630,000.00</b>	<b>2,623,684.79</b>	<b>2,003,392.60</b>	<b>7,300,337.40</b>

#### 4.3.8.2 EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
<b>Guaranteed variable remuneration awards</b>				
Guaranteed variable remuneration awards - Number of identified staff			1.00	0.53
Guaranteed variable remuneration awards - Total amount			259,705.68	829,177.46
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap			259,705.68	829,177.46
<b>Severance payments awarded in previous periods, that have been paid out during the financial year</b>				
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				0
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				0.00
<b>Severance payments awarded during the financial year</b>				
Severance payments awarded during the financial year - Number of identified staff			0	0.28
Severance payments awarded during the financial year - Total amount			0.00	105,000.00
Of which paid during the financial year			0.00	105,000.00
Of which deferred			0.00	0.00
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap			0.00	105,000.00
Of which highest payment that has been awarded to a single person			0.00	105,000.00

#### 4.3.8.3 EU REM3 – Deferred remuneration

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to explicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
<b>MB Supervisory function</b>								
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
<b>MB Management function</b>	1,863,995.92	669,463.80	1,194,532.13	0.00	0.00	-367,705.85	669,463.80	232,744.02
Cash-based	1,081,967.96	415,254.32	666,713.64	0.00	0.00	0.00	415,254.32	0.00
Shares or equivalent ownership interests	782,027.96	254,209.48	527,818.49	0.00	0.00	-367,705.85	254,209.48	232,744.02
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
<b>Other senior management</b>	1,594,538.02	538,376.22	1,056,161.80	0.00	0.00	-217,709.35	538,376.22	136,401.40
Cash-based	1,131,519.01	401,974.82	729,544.19	0.00	0.00	0.00	401,974.82	0.00
Shares or equivalent ownership interests	463,019.01	136,401.40	326,617.61	0.00	0.00	-217,709.35	136,401.40	136,401.40
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
<b>Other identified staff</b>	4,377,379.54	1,545,574.51	2,831,805.03	0.00	0.00	-729,607.07	1,545,574.51	410,715.85
Cash-based	2,825,668.77	1,037,810.61	1,787,858.16	0.00	0.00	0.00	1,037,810.61	0.00
Shares or equivalent ownership interests	1,551,710.77	507,763.90	1,043,946.87	0.00	0.00	-729,607.07	507,763.90	410,715.85
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
<b>Total amount</b>	<b>7,835,913.48</b>	<b>2,753,414.53</b>	<b>5,082,498.95</b>	<b>0.00</b>	<b>0.00</b>	<b>-1,315,022.27</b>	<b>2,753,414.53</b>	<b>779,861.26</b>

#### 4.3.8.4 EU REM4 – Remuneration of 1 million EUR or more per year

EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1 000 000 to below 1 500 000	1
1 500 000 to below 2 000 000	0
2 000 000 to below 2 500 000	0
2 500 000 to below 3 000 000	0
3 000 000 to below 3 500 000	0
3 500 000 to below 4 000 000	0
4 000 000 to below 4 500 000	0
4 500 000 to below 5 000 000	0
5 000 000 to below 6 000 000	0
6 000 000 to below 7 000 000	0
7 000 000 to below 8 000 000	0

#### 4.3.8.5 EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
Total number of identified staff										23.53
Of which: members of the MB	3	3	6							
Of which: other senior management							4.00		0.00	0.00
Of which: other identified staff							6.00		5.33	2.20
Total remuneration of identified staff	630,000.00	2,623,684.79	3,253,684.79				5,341,978.09		2,872,467.36	1,089,284.54
Of which: variable remuneration		992,530.01	992,530.01				2,166,241.07		1,512,702.81	532,376.76
Of which: fixed remuneration	630,000.00	1,631,154.78	2,261,154.78				3,175,737.03		1,359,764.75	556,907.78

Remark: All employees in internal control functions had an individual variable-to-fixed pay ratio below 100%.