BSK 1818 AG | Berliner Sparkasse

2025

Annual Financial Statements and Management Report

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A. Background

1. Organisation and Structure

This management report covers BSK 1818 AG including Berliner Sparkasse, accordingly, in the following, the designation “Berliner Sparkasse (BSK)” is used to refer to BSK 1818 AG.

BSK is an unlisted stock company and a credit institution within the meaning of the German Banking Act (Kreditwesengesetz, hereinafter KWG). It is the body that is legally and economically responsible for Berliner Sparkasse and, in accordance with the Berlin Savings Bank Act (Berliner Sparkassengesetz), is regarded as a separate association of savings banks. Sparkassenverband Berlin, the Berlin association of savings banks, is a member of the German Savings Bank Association (*Deutscher Sparkassen- und Giroverband*, hereinafter DSGV) and therefore one of 12 regional associations of savings banks. It represents the interests of Berliner Sparkasse within the Sparkasse Finance Group and in dealings with the State of Berlin. Berliner Sparkasse is a public-law institution with partial legal capacity and is operated as a branch of BSK.

Section 2(1) of the Berlin Savings Bank Act defines the duties relating to the public mandate of Berliner Sparkasse, which was founded in 1818: “It is incumbent on Berliner Sparkasse to promote saving and to satisfy local demand for credit, particularly that of small and medium-sized companies and the economically disadvantaged sections of the population.” The principles governing business strategy are set out in section 4 of the Berlin Savings Bank Act: “The operations of Berliner Sparkasse are to be conducted in accordance with commercial principles, taking into account general economic considerations.” It is in this spirit that Berliner Sparkasse operates, focusing its work on fulfilling its public mandate at all times. The needs of customers form the primary focus of its business activities. BSK routinely aligns its products and services with the latest market conditions.

The Berlin banking market is characterised by fierce competition. In addition to traditional banks, savings banks and cooperative banks, direct banks and neobanks in particular have established themselves in recent years and increased the intensity of competition further. Neo-brokers and FinTecs are becoming increasingly important, especially for the younger target group. Despite fierce competition, BSK was the market leader in the region in 2025. According to a representative market analysis in 2025 by S-Markt- und Mehrwert GmbH & Co.KG, its market share among retail customers was around 32% (an increase of three percentage points compared to 2023) and around 34% among corporate customers (an

increase of four percentage points compared to 2023). Thanks to its local presence and personalised on-site advice, BSK sets itself apart from purely digital players in the market, whilst consistently expanding its own range of digital services. For example, its Sparkassen Banking App is one of the most widely used banking apps in Germany and has been named Germany's best banking app on several occasions. To specifically counter the competition from neo-brokers, BSK is piloting, among other things, the introduction of an app-based securities account aimed primarily at young customers and those who prefer to make their own decisions online.

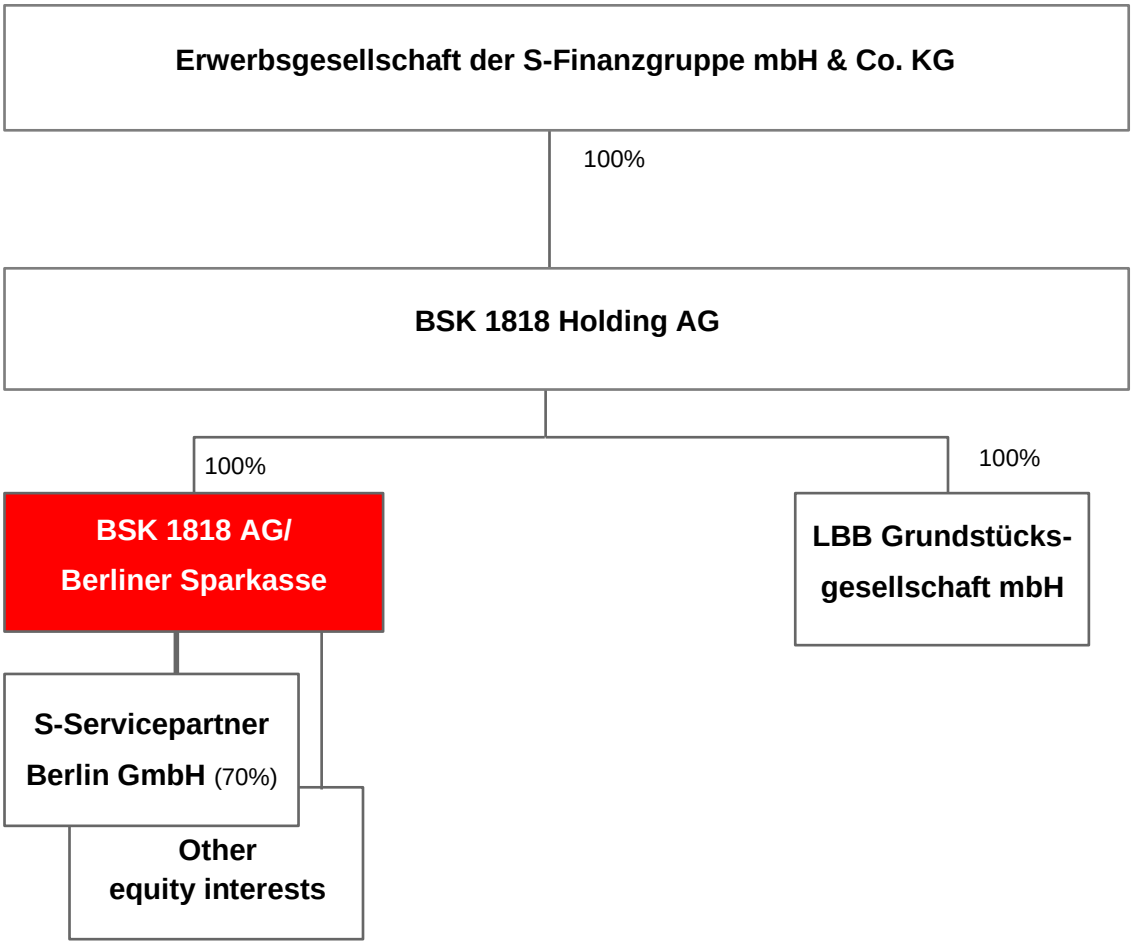
BSK is a member of the protection scheme for banking institutions of the Sparkasse Finance Group, which is recognised as a deposit guarantee scheme. The key objective of the deposit guarantee scheme is to protect member institutions. This is intended to ensure the continued existence of each member institution and, consequently, to enable the institutions to continue their business relationships with their customers as agreed on contractually. Additionally, the Sparkassen Finance Group's deposit guarantee scheme also meets the statutory requirements for the protection of deposits. According to these requirements, all customers are entitled to compensation from the relevant deposit guarantee scheme up to the amount of €100,000 per depositor and per credit institution.

To increase efficiency and effectiveness, all institutions within the Sparkassen Finance Group have agreed to establish a supplementary fund starting in 2025, which will be available in addition to existing safeguards. Besides meeting regulatory requirements under banking law, this supplementary fund is intended to enable the bank to act even more quickly in the event of a crisis and to provide flexible support to institutions when needed.

At the close of 31 May 2024, the holding company of S-Finanzgruppe mbH & Co. KG was administratively dissolved without going into liquidation. By way of universal succession, its assets were transferred to S-Erwerbsgesellschaft, a member of S-Finanzgruppe mbH & Co. KG. The following outline of BSK within the Group – modified to align with this reduction in complexity – shows S-Erwerbsgesellschaft as the parent company in the consolidated financial statements under commercial law and omits the inclusion of its non-essential general partner, Regionalverbandsgesellschaft der S-Finanzgruppe mbH.

The analysis of any possible structural simplifications was completed in the reporting year. In its de-operationalised form, BSK 1818 Holding AG (BSKH) will probably be merged (downwards) into BSK in 2027/2028.

Berliner Sparkasse within the Group as at 31 December 2025*



*The organisational chart shows key equity interests only.

2. Supervision and regulatory issues

Berliner Sparkasse and the BSK Group are subject to direct supervision by the European Central Bank (ECB). Ongoing supervision is performed by the so-called “Joint Supervisory Team”, composed of employees from the ECB, of Germany’s Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, hereinafter BaFin) and the German Central Bank and is co-ordinated by the ECB.

BSK is the parent company in terms of regulatory law, responsible for the management, operations, and decision-making as well as for ensuring compliance with supervisory requirements at Group level.

As at 31 December 2025, the CET 1 (Common Equity Tier 1) capital ratio at BSK stood at 20.7%. BSK's capital ratio benefits from the use of an internal ratings-based approach (IRBA) as recognised under regulatory provisions. Moreover, adjustments to the credit risk and operational risk (through the application of the Standard Measurement Approach - SMA - as required by regulatory law) as well as the roll-out of the capital output floor will presumably result in higher capital requirements in the future. To counteract these effects, BSK has taken suitable measures to maintain the capital ratios.

3. Business operations

As a full-service bank, Berliner Sparkasse, a branch of BSK 1818 AG (hereinafter: BSK), advises its customers in all key financial matters. The primary focus here rests on retail and corporate clients, regional commercial real property financing, business with major corporate clients as well as private banking. The range of services covers everything from payment transactions and financial investments, financing of private or business investments, innovation and sustainable transformation plans to structured asset management and investment advice and includes providing global support and advice to customers regarding their international business transactions. Moreover, BSK offers pension products and insurance policies.

In the retail customer segment, a mix of distribution channels is available. At the top of these channels are the traditional branches that offer in-person advice and a "local advisory team" that welcomes customers at regional points of contact. This range of advisory services is supplemented by investment advice provided at several local branches. Additional services include contact and consultations by video, chat or telephone for service-related matters by the customer service centre (KundenserviceCenter) and for advice from the Media Sales staff plus comprehensive online banking that can be accessed via smartphone or tablet.

Private banking provides personalised asset management services on all financial matters to high-net-worth clients. As part of this comprehensive service, in addition to traditional topics such as investment and financing, generations management and foundation management should be highlighted, for example.

Another specialised support service is the healing professions centre (HeilberufeCenter), which is available to resident doctors and therapists. Personalised support encompasses both business-related concerns such as practice financing or payment transactions, as well as all of the clients' private financial matters.

BSK has merged its expertise in construction financing for retail customers at five real estate centres (ImmobilienCenter). Entrepreneurs with personal construction financing needs are also provided with support there. Furthermore, the subsidiary BSK Immobilien GmbH operates as a property broker. The *Klub zur hohen Kante* is a team of consultants that caters specifically to the savings needs of a younger clientele. Besides offering a wide range of personalised banking services, which, upon request, are also available regardless of branch locations and opening hours, BSK also has the largest network of self-service terminals in the Berlin metropolitan area to cater to day-to-day needs.

The Credit Card Customers division, which was newly established in April 2025, represents the former third-party card business. It is responsible for a nationwide credit card portfolio that offers an instalment payment option, payment protection and value-added services. The business in question is based solely on existing customers and does not involve any new business. Against this backdrop, the focus is on measures to increase customer satisfaction, encourage usage and boost loyalty.

In the corporate banking sector, BSK is a partner to and service provider for businesses of all sizes and from any sector within the greater Berlin area. This includes not only corporate clients but also industrial and business clients.

New businesses and innovative start-ups that settle in the region will find a financial service provider in BSK, as will associations and foundations, public-sector companies and regional authorities. The "BusinessCenter" offers advice by telephone to business clients with an annual turnover of up to €500,000.

Larger commercial and corporate clients can also make use of both regional as well as specialised company centres (so-called *FirmenCenter*) for customised support. These specialised centres focus, on the one hand, on the sectors of the "digital economy", "retail and hospitality", "skilled trades" and "media and creative industries", and, on the other, on cross-sectoral topics such as the "liberal professions", "foundation and succession" as well as "start-ups".

Expert advice is also provided on subjects such as “digitalisation”, “financial leasing and subsidies”, “asset management” as well as “payment transactions”.

The advisory services for corporate clients are flexible in terms of time and location. For example, appointments can be made with the “Corporate Client Team” at selected retail client locations.

BSK’s International Corporate Banking division, established in 2025, supports the international operations of corporate clients.

With many years of expertise and a regional focus, BSK is active in Berlin’s market as a provider of real estate financing, too. It supports professional clients with their financing needs, be they investors, housing companies, property developers or affluent private clients. Residential and commercial properties worth €5.0 million or more are financed by this division. Large-scale financing projects or - in exceptional cases - supra-regional financing transactions are carried out in collaboration with syndicate partners, usually from the Sparkasse Finance Group.

The Treasury and Corporate Clients division is structured in a manner typical of savings banks and its core functions encompass the hedging and refinancing of customer business, liquidity management, bank owned securities (Depot A) substituting loans in the context of traditional asset allocation as well as the strategic transformation of maturities. Moreover, the division also handles business with corporate clients and public sector institutions as well as interest rate and currency management.

Additional services are provided by the central departments and back-office units of Compliance, Credit, Finance, Risk Control, Organisation and Productivity Management, Corporate Development, Marketing and Sales Management, Customer and Product Management, Risk Management and Legal, Internal Auditing as well as Human Resources.

BSK is also part of a close-knit network of specialised network partners from the Sparkasse Finance Group.

S-Servicepartner Berlin GmbH was a 70%-owned subsidiary of BSK until 31 December 2025. A further 30% was held by S-Servicepartner Deutschland GmbH. The shares held by S-Servicepartner Deutschland GmbH were acquired by BSK as of 1 January 2026. Since

then, BSK has held all of the shares in S-Servicepartner Berlin GmbH. On 1 January 2026, the back-office operations will also be transferred from S-Servicepartner Berlin GmbH to S-Servicepartner Deutschland GmbH. The BSK holds a 45% interest in the latter, minus one share.

As a back-off service provider, the S-Servicepartner Berlin GmbH assists BSK in further strengthening its core competencies in sales and offers a comprehensive and balanced back-office solution in such fields as assets and liabilities, SEPA and foreign payment transactions as well as in international transactions.

4. Strategic goals

BSK is pursuing a clear growth strategy aimed at achieving solid and sustainable growth in both its customer base and earnings until 2030. BSK's strategic focus is on client satisfaction, enhancing its market relevance and ensuring its financial robustness. Its strategic approach focuses on a total of six strategic areas: clients, financial stability and risk management, staff, efficiency & standardisation (including regulatory compliance), digitalisation and sustainability.
Thus, as part of its annual strategy process, six strategic goals have been formulated for BSK:

(1) We are not satisfied until our customers are. We are expanding our market leadership.

We deliver outstanding service – both in person and online. The satisfaction of our customers is always at the heart of everything we do. This is how we secure our prime market position and boost our relevance in the market and for Berlin's society. After all, this is our home – nobody knows Berlin better or is closer on a personal level than Berliner Sparkasse.

(2) We operate on a sound financial footing. We derive our revenue from our business with our clients.

We generate the equity required for our mission in Berlin through our own effort, and deliver a reasonable return for our shareholders, too. In terms of profit, we aim to position ourselves among the top 10 of the largest 25 savings banks in the long run. We have sufficient capital to weather any fluctuations on the financial markets. We pay close attention to the quality of our loan portfolio and proactively manage our risks. We keep our costs consistently under control.

(3) We are Berliner Sparkasse – together, we are strong.

We are a performance-driven and dedicated team. We are continuously evolving and have a wide range of expertise. We are as colourful as the city whose name we bear. Together, we will achieve ambitious goals – with mutual respect and appreciation. From person to person – we are committed to delivering sustainable results, both in person and online. In doing so, we foster a culture of continuous learning, in which digital skills are just as important as personal strengths in order to succeed in a dynamic and forward-looking working environment. Working at Berliner Sparkasse offers opportunities and is enjoyable, secure and meaningful – because it's not just about money.

(4) We use the platform of the Sparkasse Finance Group and help to develop it.

We are investing in both the future and in growth – working together as a group on the Sparkasse Finance Group platform. As an SSM (Single Supervisory Mechanism) institution, we are committed to further develop the management and control of our banking activities.

(5) Our modern banking services are simple, secure and reliable.

We make it easy for our clients to bank online – via our online banking service or by using the best banking app. We also aim to grow our digital banking business further and are investing in the digital skills of our staff. We automate processes wherever it makes sense to do so and is feasible. As a major savings bank, we therefore drive innovation within the Sparkasse Finance Group to ensure that we offer an online service that keeps pace with the times.

(6) We are a sustainable choice for Berlin and its people.

Since we were founded, we have accepted responsibility for Berlin and are committed to fostering social cohesion. Today, we are setting the course for a liveable, climate-friendly future. This is why we fund our clients' investments in sustainable transformation. Sustainability shapes our business portfolios and our own business operations.

Our strategic objectives have been put into practice with a five-year timeframe and are closely monitored and tracked by means of timetables and milestone plans.

One key factor in the bank's economic resilience was also its strategic focus on "becoming a 100% Sparkasse". The measures to streamline the organisation contributed significantly to cost reductions, decreased complexity and enabled BSK to focus more closely on its core business as a savings bank. Following the change of name from Landesbank Berlin AG to BSK 1818 AG in July 2025, and the integration of Servicepartner Berlin into Servicepartner Deutschland with effect from 1 January 2026, the restructuring of BSK Group to streamline its organisation is mostly complete.

5. Management

BSK's business policy is based on an annual strategy and planning process, in compliance with regulatory requirements. It is, therefore, risk-based and value-oriented and, in principle, follows the process stages of planning, implementation, analysis, and update. Key management instruments include, in particular, the financial statements, budget reports, finance reports and risk reports as well as cash flow, new business and portfolio reports, all of which are prepared in accordance with commercial law and regulatory requirements. Any possible deviations and their respective causes are continuously analysed comparing actual figures with budgeted figures or forecasts.

The key performance indicators, which are continuously monitored and analysed, are an essential tool for BSK's internal management.

In the 2025 financial year, BSK expanded its reporting to include return on capital and classified this performance indicator as a key financial performance indicator as of 31 December 2025.

This ratio provides a clear picture of the institution's profit-earning capacity in relation to the capital tied up under regulatory requirements. Return on capital is calculated as the ratio of annualised balance-sheet profit to capital employed, based on risk-weighted assets (RWA). The balance-sheet profit reported in the financial statements corresponds to income after taxes before transfer of profit or losses and before the creation or release of reserves in accordance with section 340g of the German Commercial Code [HGB].

The introduction of return on capital improves the comparability of financial performance across different time periods and enhances relevance for management decisions regarding capital allocation.

The following **key performance indicators** are used to manage BSK:

Financial performance indicators:

- Profit transfer to BSK 1818 Holding AG (BSKH)
- CET 1 capital ratio: proportion of CET 1 capital under regulatory law in relation to the total risk value
- Balance sheet total
- Cost-to-income ratio (CIR): the ratio of administrative expenses to income (net interest income, net commission income and other operating income)
- Return on equity: The ratio of profit before profit transfer[1] plus any changes to the special provision for general banking risks in accordance with section 340g HGB and the average balance sheet equity, including the special provision for general banking risks pursuant to section 340g HGB
- Return on capital (as of 31 December 2025): The ratio of profit before profit transfer, plus any changes to the special provision for general banking risks in accordance with section 340g HGB and capital tied up in risk-weighted assets (RWA)

Non-financial performance indicators:

- Customer satisfaction: This indicator is measured every other year on the basis of a market survey using the DSGV index. The index value can be between 0 and 100, whereby values > 75 are very good, values > 50 are good but can be improved on, and values ≤ 50 are poor. The index value is calculated from the following components, weighted as follows: Service performance (35%), value for money (25%), customer support and advice (25%) and provision of information (15%). The anonymous customer satisfaction survey conducted with a group of people representative of the population in the Berlin area is conducted every two years using a mix of telephone and online interviews.

- Employee identification: This is measured annually using the Organisational Commitment Index (OCI), which is based on an employee survey. The index value can range between 0 and 100, whereby values > 80 are very good, values between 80 and 60 are considered to be good but within the zone of indifference, and values ≤ 60 are poor. The OCI is derived from five equally weighted questions: Overall satisfaction; willingness to recommend the employer; willingness to choose the employer again; willingness to perform; and competitiveness.

[1] In the previous year, “profit before income taxes and profit transfer” was used.

Employee identification is established with the help of an anonymous online survey conducted by a professional survey organisation in the DSGV association by applying sector comparison values.

For the current financial year, BSK will prepare a separate non-financial statement in accordance with sections 289(b) and (c) HGB (Sustainability Report), which will be published at a later date. This report is not part of the management report, yet will be disclosed and published together with it at https://www.berliner-sparkasse.de/de/home/ihre-sparkasse/ihre-sparkasse-vor-ort.html.

The indicators of “profit transfer”, “cost-income ratio”, “return on equity” and “return on capital” are used to assess BSK’s financial success in internal reporting and internal corporate management. The cost-to-income ratio also serves as an indicator of the company’s cost efficiency. The “balance sheet total” indicator is relevant in internal management in order to make comparisons with other savings banks (relative comparison according to average balance sheet total). The target value approach for the return on equity is designed to ensure that the enterprise’s value will remain stable in the long term. Customer satisfaction is a prerequisite for a strong market position and for the further increase of the market share. A high degree of employee identification helps to ensure that BSK’s quality standards are met. Achieving the strategic goals is only possible with a performance-centric and dedicated team that identify strongly with the company.

The monthly calculation and analysis of the performance indicators is based on a full-year forecast.

6. Social responsibility*

Berliner Sparkasse is one of the largest supporters of the public good in Berlin. In line with its public mandate, it contributes significantly to the development of society.

In the 2025 financial year, Berliner Sparkasse once again expanded its commitment. Around €7.8 million was channelled, either directly or via BSK's three foundations, to a wide variety of associations, projects and initiatives. These range from sport, culture, science, the environment and education to the promotion of democratic values and social cohesion.

The range of activities includes, amongst other things, sponsorship and partnerships, the allocation of charitable donations and the organisation of networking events of all kinds. This social commitment also encompasses the work of the Berliner Sparkasse Foundation "By Citizens, For Berlin" (Bürgerinnen und Bürger für Berlin), the Brandenburg Gate Foundation (Stiftung Brandenburger Tor) and the Berliner Sparkasse Medical Foundation (Berliner Sparkassenstiftung Medizin).

Social responsibility is a key factor in shaping the bank's reputation and ensuring a credible overall image, through which Berliner Sparkasse's expertise, commitment to the common good and dedication are visibly demonstrated. At the same time, this engagement has a positive impact on the workforce. Numerous employees of Berliner Sparkasse volunteer in their spare time and are thus regarded as ambassadors for the company.

More information on this can be found in BSK's Sustainability Report under the section "Communities affected".

* unaudited

B. Economic report

1. Economic framework

Economic development in 2025 was adversely affected by the US-led restructuring of the international trading system. Drastic tariff increases dampened export prospects and, as a result of the diversion of exports from third countries, indirectly intensified competitive pressure on the domestic market. At the same time, production was impeded, in particular by the temporary suspension of supplies of intermediate goods from China. Furthermore, the withdrawal of US pledges of support for Ukraine fundamentally altered the European security architecture. Geopolitical risks also remained a major concern, partly due to strategies of hybrid warfare. Against this backdrop, Germany's gross domestic product rose by just 0.2% over the year as a whole.[2] Investment in both construction and equipment declined amidst low capacity utilisation. Government measures designed to boost demand, drawn from the special funds created by a constitutional amendment, had not yet had any stimulating effect. The reform agenda, which remained unambitious even after the change of government in May, contributed to the reversal of the improvement in the Ifo Business Climate Index in the third quarter, which had been buoyed by a recovery in business expectations.

Private households increased their expenditure by 1.4% over the year as a whole, drawing in roughly equal measure on gains in real income and a moderation in their previously pronounced saving habits. Although wage growth was once again above inflation – which remained within a very narrow range, averaging 2.2% over the year[3] – consumer confidence declined again from late summer onwards, following a brief and minor improvement. Persistent geopolitical risks affected sentiment, as did fears of financial losses resulting from inevitable adjustments to social security systems, as well as mounting concerns about employment in those sectors of the economy which, in BSK's view, are subject to particularly intense pressure to undergo transformation. The number of corporate insolvencies remained high and, according to relevant estimates, was also up on the previous year's figure for the year as a whole.[4]

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[2] Federal Statistical Office – Press release of 15 January 2026

[3] Federal Statistical Office – Press release of 16 January 2026

[4] IWH Insolvency trend, 8 January 2026

Contrary to the national trend, the economy in our Berlin business area grew by 1.3%[5] in the first half of 2025 compared with the same period of the previous year. It was also subject to geopolitically driven influences that acted as constraints and led to structural changes. However, due to a lower export ratio, these had a less pronounced impact on the industrial and commercial sectors, but slowed labour market activity to a greater extent than at national level. The seasonally adjusted unemployment rate for Berlin increased by half a percentage point and amounted to 10.4% at the end of the year. The gap between Berlin's unemployment rate and the national average thus widened to over four percentage points.[6] Employment subject to social security contributions stagnated in Berlin in the third quarter, following two declines in the first six months of the year.[7] Turnover in the service sectors[8] and the retail sector[9] increased year-on-year up to October, albeit at a slowing pace over the course of the year. Meanwhile, the hospitality sector[10] suffered a drop in turnover. In the construction sector, turnover rose slightly and new orders increased significantly.[11] Against a background of stagnant turnover, new orders in Berlin's manufacturing sector rose by 5.1% year-on-year up to October, having been driven most recently by domestic demand in the vehicle manufacturing sector.[12]

With a net growth in the influx of new residents of 13,100 by September 2025[13], migration patterns have recently been weaker. The number of people moving in from Ukraine reached a temporary low in May since the start of Russia's war of aggression – but has since risen again over the course of the year. The growth in the housing supply failed to gain momentum. Although the number of planning permissions issued for the construction of flats had risen again to around 12,000 by November, this only offset about half of the previous year's decline.[14] Demand for residential property stabilised as a result of somewhat stronger purchasing power.

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[5] National Accounts of the Federal States, 24 September 2025, Berlin GDP, National Accounts of the Federal States 2025

[6] Seasonally adjusted time series – Federal Employment Agency 7 January 2026

[7] Seasonally adjusted time series – Federal Employment Agency 7 January 2026

[8] Services in the State of Berlin as of October 2025 - AfS Berlin-Brandenburg 16 January 2026

[9] Sales and employment in the state of Berlin as of October 2025 – AfS Berlin-Brandenburg 7 January 2026

[10] Sales and employment in the hospitality sector in the state of Berlin as of October 2025 – AfS Berlin-Brandenburg 7 January 2026

[11] Construction industry in Berlin as of October 2025 – AfS Berlin-Brandenburg 19 January 2026

[12] Manufacturing industry in Berlin as of October 2025 – AfS Berlin-Brandenburg 18 December 2025

[13] Demographic development in and population of Berlin as of September 2025 – AfS Berlin-Brandenburg 18 December 2025

[14] Planning permissions in Berlin as of November 2024 – AfS Berlin-Brandenburg 14 January 2026

As a result, following declines in previous years, property prices rose slightly again during 2025. At 0.9%, the rise in list prices in BSK's catchment area was even weaker than in the years preceding 2023. The 0.4% increase in quoted rents was significantly more moderate than in the previous year.[15]

The European Central Bank continued to cut its key interest rate in four stages up until the middle of the year, but subsequently adopted a wait-and-see approach in subsequent interest rate decisions. With the deposit rate currently standing at 2.0%, the previously restrictive stance of monetary policy has now been adjusted. At the same time, the central bank continued to contract its own balance sheet in 2025 by allowing maturing bonds in its portfolios to expire without replacement. At the end of the year, however, the deposits of financial institutions in the Eurosystem that exceeded the minimum reserve requirements were still above pre-Covid 19 levels. In total, money supply growth continued to trend upwards towards the end of the year, with an annual growth rate of 3.0 % based on the broad M3 money aggregate, as did lending by commercial banks to the private sector.[16] In Germany, too, the total volume of loans granted by all banks[17] to domestic businesses and private individuals grew at a slightly faster rate than in the previous year, reaching 3.6% in November. Capital market interest rates fluctuated within a relatively narrow range throughout the year, but trended slightly upward in the second half of the year amid geopolitical risks and the resulting fiscal burdens on the federal government. At the end of the year, yields on 10-year German government bonds stood at 2.8%, nearly half a percentage point higher than the previous year. In the short-term segment, yields continued to decline through the spring in the wake of the most recent interest rate cuts, but remained close to 2% from then on. Measured by the spread between two-year and ten-year maturities, the yield curve steepened further in the first quarter and subsequently fluctuated within a very narrow range of around 75 basis points.

[15] empirica housing price index Q4/2025 – Empirica 15 January 2026

[16] Money Supply Trends in the Eurozone – European Central Bank, 2 January 2026

[17] Loans to domestic companies and private households – German Central Bank

2. Business performance

BSK's business performance in 2025 was generally encouraging. Despite persistently challenging macroeconomic conditions, the result achieved was broadly in line with that of the previous year, which had been marked by a significant one-off effect. Macroeconomic developments in Germany remained subdued during the reporting period. The economic environment was dominated by weak economic momentum, subdued investment activity, and ongoing geopolitical uncertainties.

Despite this, the lending business maintained a stable performance. The volume of lending to retail and corporate customers and commercial property financing increased slightly during the financial year as a result of additional new business. By contrast, the volume of lending to large corporate clients declined in 2025. The total volume of customer deposits saw a slight increase over the course of the year. Owing to interest rate trends, interest income from securities investments and money market operations declined over the course of the year. Furthermore, interest income from the credit card business fell as a result of the sale of the ADAC portfolio in the year before.

At €721 million, administrative expenses were €129 million lower than in the previous year. Other administrative expenses in the previous year were influenced by a one-off item (the creation of a provision for irrevocable payment obligations). Furthermore, savings were achieved through the sale of the third-party card business and reduced consultancy costs.

The risk result rose sharply during the reporting period. The commercial property finance sector proved to be challenging. To adequately account for increased default and value risks, higher risk provisions were recognised for individual exposures. In addition, general value adjustments were significantly increased.

Capital and liquidity ratios consistently remained at a comfortable level above the minimum regulatory requirements.

The post-model adjustment (PMA), which was created to hedge against latent default risks and applied to the general value adjustment under commercial law (increase of the general valuation allowance), was revalued as at 31 December 2025 and amounted to €7.4 million (previous year: €9.8 million).

The PMA, which amounted to €4.8 million due to an underestimation of default forecasts in individual rating procedures, has been dissolved in full. Additionally, a PMA of €2 million (previous year: €2 million) for ESG (Environmental Social Governance) risks which reflects potential downgrades in credit rating due to increased requirements for new appraisals and the valuation of securities in light of ESG considerations, has been set aside at the same level as the year before. To gauge the non-recurring ESG item, reference was made to the economic risk assessment carried out as part of the medium-term planning.

The key performance indicators most relevant to BSK developed as follows in the 2025 financial year:

Performance indicators	ACTUAL 31 Dec. 2025	Forecast 2025 [1]	ACTUAL 31 Dec. 2024
Profit transfer to BSK 1818 Holding AG (€ million)	293	245	368
CET 1 capital ratio in %	20.7%	19.5%	21.9%
Balance sheet total (€ billion)	44.8	43.3	44,2
Cost-income ratio in %	56.4%	62.0%	58.8%
Return on equity in %	13.2%	11.6%	19,6%
Return on capital in %[2]	17.6%	-	-
Customer satisfaction (RC/CC)[3]	72 / 78	71 / 81	n/a
Employee identification[4]	74	66	71

[1] Original 2025 forecast as per the previous year's management report (31 December 2024).
[2] New performance indicator as of 31 December 2025.
[3] Retail customers (RC), corporate customers (CC) The measurement took place in 2025; it takes place every two years and therefore not again until 2027.
[4] OCI (Organizational Commitment Index) from Perbility. New performance indicator as of 1 January 2025.

Primarily due to net interest and commission income exceeding the forecast, increased cost savings in administrative expenses and increases in the value of securities held in the liquidity reserve, BSK was able to transfer a profit of €293 million to BSKH in the reporting year, significantly exceeding the forecast profit transfer of €245 million.

The CET 1 capital ratio totalled 20.7% as at 31 December 2025 and was thus higher than budgeted (19.5%). This was the result of a lower level of RWA (risk-weighted assets) than planned, since the geopolitical and ESG risks factored into the RWA planning through conservative mark-ups had only materialised to a limited extent.

The balance sheet total as at 31 December 2025 came to €44.8 billion and was thus €1.5 billion above the value originally forecast. This is due, in particular, to customer deposits being higher than planned.

Owing to lower costs and higher-than-expected income, the cost-income ratio stands at 56.4%, significantly better than planned.

The return on equity (13.2%), which was higher than forecast, was driven by the above-plan earnings.

The return on capital, a new performance indicator introduced as of 31 December 2025, stood at 17.6%.

The biennial market analysis designed to measure customer satisfaction was conducted again in the first half of the year, as scheduled. Values of 75 and above indicate a very good result. For retail customers, the DSGV index stood at a healthy 72, slightly higher than forecast for 2025. For corporate customers, the survey recorded a very good index score of 78. The slight improvement in customer satisfaction is down to the strengths highlighted in the survey: service/advice, expertise, product range, image/reputation, which have risen slightly compared with 2023.

The anonymous online survey on employee engagement, carried out every year by an independent consultancy within the DSGV Group, yielded a score of 74 points for 2025. This represents an increase of three points compared with the previous year and is therefore higher than forecast and, for the first time ever, higher than the industry average of 73 points. The results of the staff survey show that the measures set out in the HR strategy are proving effective in terms of employer attractiveness, development, culture and communication (especially cultural and strategic progress, which reflects successful leadership and change processes).

3. Earnings

Profit/loss in mn. €	1 Jan. - 31 Dec. 2025	1 Jan. - 31 Dec. 2024	Change absolute	Change in %
Net interest income[1]	956	1,104	-148	-13.4
Net commission income	331	339	-8	-2.4
Administrative expenses	721	850	-129	-15.2
Personnel expenses	331	321	10	4.9
Other administrative expenses	371	505	-134	-26.4
Depreciation and value allowances for intangible assets and property, plant and equipment	19	24	5	16.7
Other operating income	-9	3	-12	-34.2
Operating result before risk provisioning	**557**	**596**	**-39**	**-6.5**
Risk provisioning	182	141	41	29.1
Risk provisioning in the lending business (net)	215	117	98	1.8
Profit/loss from securities held in the liquidity reserve	-33	24	-57	5.9
Operating results	**375**	**455**	**-80**	**-17.6**
Profit from financial investments	16	112	-96	-85.7
Allocations to the fund for general banking risks	100	200	-100	-50.0
Profit/loss before tax	**291**	**367**	**-76**	**-20.7**
Other taxes	-2	-1	-1	100.0
Profit/loss after tax	**293**	**368**	**-75**	**-20.4**
Profit transferred	293	368	-75	-20.4
Net income for the year	**0**	**0**	**0**	**-**

following the spin-off of SKP

Net income for the year	**0**	**0**	**-**	**-**
Asset reduction due to spin-off	0	135	-	-
Income from capital reduction	0	135	-	-
Net profit	**0**	**0**	**-**	**-**

[1] Net interest income including ongoing earnings from shares and other variable-yield securities, equity interests, shares in affiliated companies and earnings from profit-pools, profit transfer agreements or partial profit transfer agreements.

Net interest income lower than in previous year

In the year under review, BSK's net interest income fell compared with the previous year. The main reason for this is the fall in interest rates, leading to a significant reduction in interest income from securities portfolios and money-market transactions. In addition, there has been a decline in revenue in credit card operations due to the termination of the partnership with ADAC in 2024.

Net commission income slightly lower

Net commission income stood at €331 million, €8 million lower than the previous year's figure. The decline resulted from a loss of commission income amounting to €16 million relating to the discontinuation of the third-party card business. Conversely, commission income from securities trading increased by €5 million.

Administrative expenses decreased sharply

At €721 million, administrative expenses were €129 million lower than in the previous year. Other administrative expenses in the previous year were influenced by a one-off item

amounting to €63.2 million (creation of a provision for irrevocable payment obligations). There were also savings resulting from the sale of the ADAC credit card business and from reduced consultancy costs.

Other operating income decreased

The balance of other operating income and expenses amounted to -€9 million, €12 million lower than in the previous year. This decline was due, amongst other things, to the settlement of an obligation relating to a right of perpetual use. Offsetting this, among other things, were releases of provisions for legal risks.

Risk provisioning enhanced

Net provisions for credit losses rose by €41 million to €182 million.

This includes income of €33 million (previous year: -€24 million) from securities held in the liquidity reserve, predominantly attributable to write-ups and the release of provisions.

In the lending business, net additions were made to individual valuation allowances in the amount of €115 million, to general valuation allowances in the amount of €23 million, and to provisions relating to the lending business amounting to €17 million. At the same time, the amount of the PMA was lowered to reflect general valuation allowances and provisions in the lending business. Provisions for credit risk rose significantly by €98 million to reach €215 million. For more details, please refer to the section on business performance.

Existing valuation allowances and provisions totalled €688 million (previous year: €533 million).

Net income from financial investments lower than in previous year

Income from financial investments amounting to €16 million fell by €96 million compared to the previous year. The previous year's result benefited from a one-off item (sale of the ADAC credit card portfolio).

Fund for general banking risks strengthened

The fund for general banking risks pursuant to sec. 340g HGB was bolstered by an injection of €100 million (previous year: €200 million).

4. Net asset position

Assets in mn. €	31 Dec. 2025	31 Dec. 2024	Change absolute	 in %
Loans and advances to banks	5,357	5,409	-52	-1.0
Loans and advances to customers	28,380	28,830	-450	-2.0
Bonds	8,796	7,817	979	13.0
Shares and other variable-yield securities	235	232	3	1.0
Equity interests/shares in affiliated companies	543	539	4	1.0
Property, plant & equipment	72	68	4	6.0
Other assets	1,418	1,278	140	11.0
Total assets	**44,801**	**44,173**	**628**	**1.0**

Compared to the previous year's balance sheet date, the **balance sheet total** increased by €0.6 billion, to €44.8 billion as at 31 December 2025.

Loans and advances to banks totalled €5.4 billion, thus matching the previous year's level.

Loans and advances to customers fell only slightly compared to the previous year's balance sheet date (by €0.5 billion) and amounted to €28.4 billion.

The portfolio of **bonds and other fixed-income securities** rose significantly by €1.0 billion to reach €8.8 billion.

Equities and other non fixed-income securities comprised mainly shares in investment funds from proprietary investments as of the balance sheet date and showed a slight increase.

Investments and shares in affiliated companies remained roughly at the same level as in the previous year. Changes in value result from write-ups, equity transactions, and share purchases.

Liabilities in mn. €	31 Dec. 2025	31 Dec. 2024	Change absolute	 in %
Liabilities owed to banks	1,586	1,931	-345	-17.9
Liabilities owed to customers	33,798	32,884	914	2.8
Securitised liabilities	4,470	4,461	9	0.2
Provisions	572	592	-20	-3.4
Subordinated liabilities	359	370	-11	-3.0
Equity	2,026	2,026	0	0.0
Share capital	1,200	1,200	0	0.0
Reserves	826	826	0	0.0
Other liabilities	1,990	1,909	81	4.2
Total liabilities	**44,801**	**44,173**	**628**	**1.4**

Liabilities owed to banks decreased slightly by €0.3 billion to stand at €1.6 billion.

Liabilities owed to customers increased by €0.9 billion to reach €33.8 billion compared to the previous year. This was primarily due to an increase in balances in call money accounts.

The volume of **securitised liabilities** was virtually unchanged at €4.5 billion.

Provisions went down compared to the previous year. Among other things, provisions for legal risks decreased by €7.5 million, as did other provisions related to business operations by approximately €16.5 million.
Other provisions include provisions for payment commitments to the Institutional Protection Scheme of the Sparkasse Finance Group amounting to €68.1 million (previous year: €63.2 million). Provisions related to lending activities amounted to €32.6 million (previous year: €15.8 million).

No balance sheet profit/loss arose as a result of the profit transfer agreement with BSKH.

5. Financial position

Liquidity management relevant to banks and savings banks is based on the principles set forth in section 11 of the German Banking Act [KWG]; the Minimum Requirements for Risk Management (MaRisk as amended on 29 August 2024); as well as in the principles set out in the Capital Requirements Regulation (CRR: Part VI, Articles 411 to 428). Liquidity management is performed by Treasury and Corporate Clients. Throughout 2025, the Liquidity Coverage Ratio (LCR) remained above the regulatory target value of 100% on the relevant reporting dates; it stood at 198% on 31 December 2025. The Net Stable Funding ratio (NSFR) was 134% as at 31 December 2025 and was also very solidly maintained throughout the year. BSK's financial solvency was thus guaranteed at all times.

BSK employs forward-looking liquidity planning measures and maintains a liquidity buffer to ensure it can meet its day-to-day payment obligations. It applies a mix of instruments to refinance its lending business. They include savings, demand and time deposits held by customers, bonds in the form of *pfandbriefe*, other securitised liabilities as well as liabilities owed to banks. For refinancing operations with the ECB, BSK maintains corresponding collateral with the ECB to be able to use it if and when needed. To meet minimum reserve requirements, the respective deposits are held with the German Central Bank, in the Berlin and Brandenburg Regional Office.

The 2025 financial year was largely shaped by domestic and geopolitical factors, resulting in a slight rise in long-term capital market interest rates.

In this challenging environment, BSK was able to comply at all times with regulatory requirements as well as its own minimum liquidity requirements. Next to meeting the LCR

and NSFR, internal risk limits and early warning stages for the liquidity risk of BSK were never exceeded during the financial year. As the most important component of refinancing, customer deposits remained very stable throughout the year. Retail deposits saw a slight increase, whereas the lending activity was subdued over the course of the year. Fluctuations in deposits always remained within the bank's customary limits. Due to the very stable level of deposits, merely two mortgage bonds (*pfandbriefe*) were issued to finetune liquidity: a public mortgage bond (*Öffentlicher Pfandbrief*) with a volume of €250 million and a maturity of five years in January, and a mortgage bond (*Hypothekenpfandbrief*) with a volume of €300 million and a maturity of seven years in October. More detailed information on the liquidity status can be found in the risk report.

The balance sheet equity amounted to €2.0 billion as at 31 December 2025. It thus corresponded to 4.5% of the balance sheet total and comprised the share capital (€1.2 billion) and reserves (€0.8 billion).

The fund for general banking risks pursuant to section 340g HGB was increased to €999 million, a rise of €100 million.

BSK's regulatory capital resources subject to the Capital Requirements Regulation (CRR) totalled €3.25 billion as at 31 December 2025 (capital resources after adoption of the annual financial statements) (previous year: €3.23 billion). Based on the risk position under the CRR, this resulted in a total capital ratio for BSK of 22.5% (previous year: 24.4%). CET 1 capital as at 31 December 2025 totalled € 3.0 billion, following the adoption of the annual financial statements. In relation to the weighted risk positions, this results in a CET 1 capital ratio for the reporting date of 31 December 2025 of 20.7% (previous year's reporting date: 21.9%).

6. Human resources report

BSK's employee capacity stood at 3,065 as at 31 December 2025 (excluding apprentices). Women accounted for 58% of the total workforce (including apprentices). There were 849 part-time staff, representing around 26% of the total workforce (including apprentices).

Training and skills development programmes are provided to ensure that the company's staffing requirements are met. At the end of 2025, BSK employed 203 apprentices, dual-track students and trainees, representing around 5.9% of the workforce. Further training and compulsory training courses are provided via a digital learning platform, amongst other means.

BSK is taking steps to promote health and safety at work. Equal treatment of staff is governed by binding guidelines; employee participation and co-determination are carried out in line with statutory requirements. An annual staff survey is carried out to gauge staff engagement. The OCI is used as a non-financial performance indicator and was 74 points in 2025.

More information on this can be found in BSK's Sustainability Report under the section entitled "Our workforce".

7. Corporate governance statement

BSK actively promotes gender equality and regards motivated and high-achieving women in particular as a key factor for future success. Appropriate recruitment, training and professional development are being used to address any remaining under-representation at senior specialist and management levels. Specialist and managerial careers are promoted by a range of individual personnel development measures and development plans.

Women make up 58% of BSK's workforce. Women represent 42% of the staff in managerial positions across all levels.

With regard to the target of achieving a 50% share of women in second-level and third-level managerial positions by 2030, a 48% share had already been achieved for second-level positions and 42% for third-level positions by the end of 2025.

Consistent with the legal requirements, the Supervisory Board had set itself the goal in June 2022 of achieving a 20% representation of women within the next five years (by June 2027). From the last Supervisory Board election until 31 December 2025, the proportion of women on BSK's Supervisory Board was 20%.

The target number of women on BSK's Management Board is one quarter (25%) of all members and was met as of 31 December 2025. Following the appointment of Mr Alexander Stuwe on 1 January 2026, women currently account for 20% of the Management Board. The target remains at 25% and is to be achieved again by June 2027.

8. Overall statement

The 2025 financial year closed again with earnings before profit transfer that clearly exceeded expectations.

This was due to increased cost savings in administrative expenses, higher-than-expected net interest and commission income, as well as increases in the value of securities held in the liquidity reserve.

In view of current economic circumstances, all apparent and latent risks in the lending business have been adequately taken into account.

All financial performance indicators performed better than expected.

In light of the favourable results, the profit transfer to BSKH was higher than planned.

C. Risk report

1. Economic framework

As at 31 December 2025, S-Erwerbsgesellschaft holds 100% of the shares in BSK 1818 Holding AG (BSKH). BSKH acts as a financial holding company which does not carry out banking transactions itself and is not a credit institution. BSKH's primary role during the reporting year was to hold a 100% stake in BSK.

Since 1 January 2023, BSK has been the parent company of the S-Erwerbsgesellschaft Group in terms of regulatory supervision.

The established group-wide risk management procedures, methodologies and systems have always enabled BSK Group to devise and implement appropriate risk management measures. At all times, there was sufficient scope for risk-bearing capacity, both in terms of internal standards and from a regulatory perspective.

2. Current developments

The effects of the macroeconomic and geopolitical situation must now be regarded as long-term changes; moreover, a renewed escalation of existing conflicts cannot be ruled out. This analysis takes into account Russia's war of aggression against Ukraine, changes in the European security architecture, unpredictable international economic relations in the wake of drastic tariff threats and tariff increases on the part of the US, a loss of confidence in the US dollar as the anchor of the global monetary order, developments in the (commercial) property market, unreliable supply chains as a result of export controls and sanctions, and a general recession. Nevertheless, the economic consequences of these developments are only just beginning to become apparent. While the economic outlook is still expected to remain uncertain, the impacts of the crisis-hit environment of recent years are now increasingly being reflected in the parameters used to assess latent risks. General information on the above-mentioned current macroeconomic and geopolitical risks can be found in the economic report. The impact on the individual types of risk is described in the relevant chapters on the respective risk categories.

3. Risk management system

The risk management system is based on the Minimum Requirements for Risk Management (MaRisk), taking into account the additional specifications arising from supervision by the European Central Bank (ECB).

The risk controlling function as defined by MaRisk is performed by the Risk Controlling division of BSK and comprises risk controlling for counterparty default risks, liquidity risks, market price risks, operational risks as well as risk controlling of the reporting system and of the overall bank management. The Chief Risk Officer (CRO) is responsible for overseeing the risk controlling function. Thus, the risk controlling function – even at Management Board level – is kept separate from the departments responsible for initiating and concluding business transactions.

As of 1 January 2025, the methodologies and systems used for risk controlling and overall bank management – with the exception of operational risk – were migrated from in-house systems to the Sparkasse Finance Group standard. Preparations for this transition were carried out over several years as part of a comprehensive transition programme (“Convergence”), which involved making the necessary adjustments, enhancements and validations.

In 2021, BSK Group changed the structure of a significant part of its pension obligations from a defined-benefit scheme to a non-insurance-based pension scheme and, in doing so, transferred the majority of the obligations accrued to date, along with the provisions set aside for them, to Metzler Pensionsfonds AG, which invests the funds received in a diversified master special fund. The transferred liabilities and the associated assets are referred to hereinafter as the Metzler Pension Fund (MPF).

The term “BSK Group” refers to the group in terms of regulatory law and in line with the regulatory scope of consolidation, including the respective equity interests. This includes the entities consolidated under BSK, plus the financial holding companies S-Erwerbsgesellschaft and BSKH as well as LBB Grundstücksgesellschaft. The MPF is not required to be consolidated under either commercial or regulatory law. The risks resulting from the MPF are adequately accounted for with the Internal Capital Adequacy Assessment Process (ICAAP) from both an economic and regulatory viewpoint. For example, the economic risks arising from the MPF are included in the regular economic risk-bearing capacity.

There are Group-wide risk policy principles and a Group-wide risk management system. Likewise, risk measurement approaches are uniform across the Group. The risk management system comprises a number of interrelated principles and regulations. The aim of the specifications is to be a stable and reliable business partner to customers and counterparties, while complying with all legal and regulatory requirements.

As an overarching regulation, the **business strategy** creates the strategic framework. It specifies that calculated risk-taking within the context of a risk strategy forms an integral part of banking operations. The risk policy principles and technical risk policy measures are designed to ensure that risks taken do not threaten the essence of BSK and can be controlled at any time.

BSK and its organisational units must endeavour to ensure that all risks remain transparent and measurable within the framework of the Group-wide methodology. BSK's specific allocation of available risk resources – capital and liquidity reserve – is intended to safeguard the risk-bearing capacity and liquidity.

The **risk strategy** of BSK Group establishes the strategic risk framework. This falls under the remit of the BSK Management Board. This involves, amongst other things, identifying risks that are not consistent with strategy, i.e. which risks are to thus be avoided in principle. Compliance with the risk strategy is continually monitored.

BSK makes the most of opportunities by ensuring that, in its strategic guidelines, the management promotes business in regions and sectors that are profitable or are expected to be profitable in the future. At the same time, business areas deemed to be too risky or less profitable are restricted by defining which transactions should, as a matter of principle, be avoided. The Risk Management department, which reports to the Risk Control division, is responsible for identifying, analysing, monitoring, documenting, and reporting on risks.

The **risk manual** and the risk appetite determined by the Management Board via the Risk Appetite Framework outline the framework for operational risk controlling for both BSK Group as well as BSK and define in detail the framework, responsibilities and methodologies of each individual risk management phase. The methods applied refer in particular to risk measurement. The manual and supplementary documentation also set out existing limit systems, reports and escalation processes for every type of risk.

The **risk inventory** is a standalone process that regularly determines the overall risk profile. To this end, a number of established processes, such as updating the restructuring plan or carrying out a materiality analysis for sustainability risks (ESG, Environmental, Social and Governance) are used to examine whether any potential risks exist or may occur which had not yet been taken into account. The findings are documented and, where appropriate, the necessary measures are identified. The risk inventory allows the key risks to be identified. This involves a separate analysis of the company's assets, earnings and liquidity situation.

As independent units, the responsible Risk Controlling divisions are tasked with identifying and rating the risks, supporting risk management within the company and informing Management regularly. The identification, measurement, analysis, management and also the prompt and qualified monitoring and control of the risks are carried out in line with the guidelines set out in the risk strategy and the risk manual.

The risk management system encompasses both risk analyses in accordance with regulatory specifications as well as a risk assessment from an economic perspective.

Responsibilities and organisational structures within the risk management process

The Management Board is responsible for the risk profile, the risk strategy and the risk-bearing capacity approach, including the spread of potential risks and the definition of the risk appetite, the limits, the sound organisation of risk management, the monitoring of risk in all transactions and risk control. It receives its information from a monthly risk report prepared by the Risk Controlling department. A series of additional reports (e.g. market price risk report) are prepared within the framework of the risk management process and submitted to the Management Board.

The Supervisory Board is regularly briefed by the Management Board on the overall risk and capital profile. The Risk and Credit Committee, which comprises members of the Supervisory Board, consults with the Management Board on business policy principles relating to lending, taking into account credit risks and risk management, in particular counterparty default risks, market price risks, liquidity risks and operational risks.

The Internal Auditing department is an integral component of the corporate and process-independent monitoring system. This involves a regular review and assessment of the risk management processes for all types of risk. From an organisational perspective, the Internal Auditing department is assigned to the Chairperson of the Management Board and reports independently to the entire Management Board.

The following bodies have been set up to manage and monitor the risk situation:

- The **Disposition Committee** manages the strategic interest rate risk options in the banking book.
- BSK Group's **Risk Dialogue** division coordinates, amongst other things, the risk strategy, including specifications for capital management. Recommendations are made to the decision-makers or their respective bodies, such as BSK.

- The **Credit Risk Committee** discusses and decides on key topics relating to credit controlling and credit risk controlling against the background of legal framework, especially the evaluation and approval of analyses designed to validate ratings.
- The **New Products Committee** coordinates the approval process for launching new products, entering new markets (including new distribution channels) and introducing new product variants (including new currencies).
- The **OpRisk Committee** is responsible for risk management and the early risk detection system for operational risks.
- The **RepRisk Committee** manages reputational risks identified through an early detection system or on an ad hoc basis.

In addition, the Risk Controlling department deals with risk measurement methods and their validation, the assessment of the current risk situation, the recovery plan, and matters relating to solvency, credit and liquidity reporting. Recommendations are made to the decision-makers or their respective bodies, including BSK.

Risk Controlling at BSK is an independent risk monitoring unit for all types of risk. It is responsible for the methods and models used to identify, measure, aggregate and limit risks as well as for the further development of the risk management system. This department is responsible for operational risk controlling.

The responsibility for operational risk control in terms of taking a specific position is allocated to the defined responsible parties. For example, the Management Board is responsible for overall risk management, whereas the management of market price risk in line with the binding guidelines issued by the Disposition Committee is implemented by the Treasury department. Risk management in the lending business is handled by the relevant decision-makers for individual borrowers in accordance with the rules on decision-making authority, whilst the Treasury division is responsible for liquidity risks.

There is a permanent **Crisis Management Team** at BSK to deal with, amongst other things, potentially life-threatening emergencies. It is a special organisational unit which, as a central body, combines the necessary expertise across all departments under a single management structure. The Crisis Management Team has a set of rules of procedure, the details of which have been published as part of the regulations. The rules of procedure define the specific distribution of tasks in the event of a crisis.

The Crisis Management Team coordinates crisis management activities across the individual units, organises the provision of the relevant resources needed to overcome the

crisis, and keeps internal bodies (Supervisory Board, contingency teams, specialist departments) and external parties (supervisory authorities, the press, service providers, business partners, customers) informed.

In principle, the Crisis Management Team is composed of the following permanent members:

- Chairperson of the Management Board (Chairperson of the Crisis Management Team);
- Deputy chairperson;
- other members of the Management Board;
- General Representatives;
- Head of Compliance;
- Head of Customer and Product Management;
- Head of Organisational and Productivity Management;
- Head of Human Resources;
- Head of Retail and Corporate Customers;
- Head of Internal Auditing;
- Head of Risk Controlling;
- Head of Treasury and Corporate Customers;
- Head of Business Development;
- Head of Corporate Communications;
- Head of the Office of the Management Board;
- Chairperson of the Works Council;
- Information Security Officers of BSK.

In 2025, a crisis management drill took place in the form of an alarm drill.

Overall risk management

In line with the business policy orientation and taking into account the economic risk-bearing capacity and the regulatory risk limitation rules, the Management Board undertakes risk limitation and risk allocation from both an economic and normative perspective, for example through limits, ceilings or structural requirements. Risk reporting in accordance with MaRisk is carried out through regular reports which summarise all types of risks, from an economic as well as from a regulatory perspective. Accordingly, Management Board as well as Supervisory Board meetings discuss the latest overall risk situation and also assess whether any response action is required.

A review of the risks that may significantly affect the Group's financial position, earnings or liquidity situation (risk inventory) is performed on an ongoing basis through various activities. This includes, for example, a medium-term plan as well as the regular review of the entities belonging to the Group. Potential risks are also discussed in various committees, along with their possible implications and, where necessary, the measures required to deal with them. Moreover, risks are systematically identified and analysed as part of the regular reporting process. For example, within the framework of the limit process or when co-ordinating the risk strategy, planning or future activities, discussions take place as to whether this could give rise to new risks.

Significant risks within the meaning of MaRisk are defined as risks whose consequences could be so serious as to jeopardise the continued existence of BSK as a whole. Such a review is carried out at least once a year. It includes the following:

- Counterparty default risks;
- Liquidity risks (risks of insolvency);
- Market price risks (including interest rate change and credit spread risks in the investment book) and
- Operational risks.

Counterparty default risks include country risks and, as a sub-category, investment risks, while market price risks also include share price, options, and currency risks. Other risks that BSK does not classify as material risks within the meaning of MaRisk due to their limited significance include, in particular, real estate risk, refinancing cost risk, and biometric risks. All risks are aggregated and taken into account as part of the overall risk when calculating economic risk-bearing capacity. Model uncertainties are not included in the risks but are deducted from the risk coverage potential. For the post model adjustments (PMA) described below, an appropriate amount is determined on the basis of economic risk-bearing capacity and added to the risks arising from model uncertainties in counterparty default risks. These PMAs were decreased by the end of 2025, which means that the materiality threshold was not exceeded at the end of the year.

For the purposes of risk-bearing capacity, risk categories are divided into monetary and non-monetary risks. Monetary risks are taken into account in the quantitative aggregation to form the overall economic risk (internal risk-bearing capacity concept).

The risk of insolvency is classified as a non-monetary risk, as it is a "timing issue" and not an asset loss risk. It cannot, therefore, be mitigated by backing it with risk capital. The refinancing cost risk, on the other hand, is taken into account in the economic risk-bearing capacity.

BSK did not issue any new letters of comfort in the 2025 financial year. No risk is anticipated from claims arising from legacy letters of comfort. This issue is monitored on a regular basis. Additional information on this can be found in the notes to the annual financial statements under the section on contingent liabilities and irrevocable loan commitments.

By signing the voluntary commitment by German savings banks to climate-friendly and sustainable business practices, BSK has committed itself to the stated objectives, such as aligning its financing and own investments with climate targets. BSK does not regard climate and environmental risks as an independent category of risk but as drivers impacting on existing risk categories (in particular counterparty default risk). In the year under review, a comprehensive materiality analysis was carried out in order to identify any significant factors that might have a material impact on the risks. BSK is facing increased exposure from commercial property financing as well as from the financing of construction loans for private customers due to the size of these portfolios. Counterparty default risks could arise as a result of falling property values caused by requirements and regulations relating to climate and environmental standards (e.g. under the Building Energy Act), as well as physical risks (extreme weather events) that may cause direct damage to properties. A material impact on reputational risk is also derived from this. The Code of Ethics provides an action framework designed to exclude unethical and unsustainable business transactions and thus reduce reputational risk. Based on the findings of the materiality analysis, BSK has set targets in its risk strategy to limit the risks resulting from climate and environmental risks. The management system incorporates the following areas: ESG quality (Environmental, Social, Governance; ESG customer ratings), the energy efficiency of buildings that have been or are to be financed, and ESG controversies (breaches of standards by customers). In addition, BSK established an ESG reporting system during the reporting year.

The internal risk-bearing capacity approach comprises a measurement and limitation system for all material and immaterial risks (monetary risks) that can be covered by risk capital, which rules out the possibility of exceeding a specified maximum asset loss, except for a very low residual probability (99.9% level of confidence from an economic perspective). The underlying assumptions for this are regularly reviewed, as are the respective limits, at least once a year and, where necessary, adjusted by a Management Board resolution. Changes to the risk-bearing capacity approach, just like changes to the risk measurement method are subject to a model change policy which defines clear assessment criteria for the materiality of a model change and in which the roles and responsibilities for discussing and deciding on model changes are clearly allocated and documented.

During the reporting year, the procedures, methods and systems of the risk management system were largely brought into line with the Sparkassen standard. With regard to the economic perspective of the ICAAP in accordance with the ECB's guide on the internal process for ensuring adequate capitalisation of November 2018, a present value approach is used; a transition was made to internal capital now calculated on a present value basis (risk coverage potential, RDP) and to the risk measurement methods of S Rating und Risikosysteme GmbH (SR). One exception to this is the assessment of operational risk, which continues to be measured using BSK's internal model.

During the reporting year, we used the new present-value approach to calculate the risk coverage potential (RDP) and the allocable RDP derived from it for the first time. RDP is calculated on the basis of the present value of all BSK's assets and liabilities and now also takes into account hidden reserves from the interest ledger, previously not included in the risk-covering fund (approximated by present value) based on regulatory core capital. Safety margins (buffers) are deducted from the RDP in order to calculate the allocable RDP. The buffers include provisions for

- fluctuations in the present value of positions due to adverse market developments and
- model uncertainties, including quantified climate and environmental risks.

Building on the individual risk categories that have been recorded, the overall economic risk is determined by aggregating the individual risks (scaled where necessary) for a one-year review period. Due to BSK's subsidiary liability for the risks associated with the Metzler Pension Fund (MFP), it also includes these risks in the ICAAP. Since 2025, risks arising from the investment in S-Kreditpartner GmbH (SKP) have been reported, alongside other investments, under "investment risk", which is included in counterparty default risk. Since the start of the reporting year, BSK has basically been using the SR's risk measurement methods, adapting them to BSK's requirements where necessary. The former residual risk positions were closed out as part of the transition and allocated to the main risk categories or to the buffers. Other risk positions as at 31 December 2025 include figures for refinancing cost risk, property risk and biometric risks. Aggregating the individual types of risk into a single overall economic risk is carried out by using a simple addition method. Diversification effects were not taken into account.

To assess the overall risk situation, the capital available to cover the risks (allocatable risk-covering potential) is compared with the bank's total risk exposure. Additionally, the findings from a range of stress tests are taken into account which include both the risks as well as

the capital.

The comprehensive banking stress tests were updated in 2025. Risk-bearing capacity and liquidity were subjected to stress tests in various scenarios, from both an economic and regulatory perspective. The scenarios take into account both external and internal risk drivers as well as a combination of these risk drivers. The stress tests carried out on this basis did not reveal any need for action as regards the capital and liquidity situation.

The comprehensive banking stress programme has been expanded to include a climate and environmental risk-related stress test, which subjects economic and normative indicators to stress scenarios.

The impacts outlined in the overview of current developments affect BSK. A post-model adjustment (PMA) of €7.4 million (previous year: €9.8 million) was created for foreseeable counterparty default risks that have not yet materialised in relation to individual borrowers. The PMA of €4.8 million, which had been created in the previous year due to an underestimation of default forecasts in individual rating methods, was dissolved. A PMA of €2 million has been set aside to cover ESG (Environmental Social Governance) risks associated with potential rating downgrades due to stricter requirements for new expert reports and the valuation of securities from an ESG perspective.

According to section 27 of the German Mortgage Bond Act (*Pfandbriefgesetz*), every bank dealing with *pfandbriefe* must have a risk management system in place that is suitable for dealing in *pfandbriefe*. Risk management for the cover registers is incorporated in BSK's bank-wide risk management system for counterparty default risks, market price risks, and liquidity risks as well as for operational and other risks. Moreover, there are limits in place that serve to ensure compliance with regulatory requirements. Compliance with these limits for the cover register's risk management is monitored daily and reported to the Management Board as part of the quarterly report on the risks of the *pfandbriefe* business in accordance with section 27 of the German Mortgage Bond Act.

4. Overall picture of the risk situation and internal capital adequacy

The largely newly established procedures, methods and systems have been consolidated and have enabled BSK to derive and implement suitable risk management measures at all times.

The assessment of risk-bearing capacity at the level of individual banks for BSK is conducted in the same way as at Group level. The overall risk is then compared with the allocable risk-covering potential for BSK. Throughout the relevant reporting periods, BSK's risk-bearing capacity showed sufficient headroom, both according to internal standards and from a regulatory perspective.

BSK's regulatory capital under the Capital Requirements Regulation (CRR) totalled €3,250 million as at 31 December 2025 (31 December 2024: €3,226 million after adoption of the annual financial statements). Based on risk exposures pursuant to the CRR, this resulted in a total capital ratio for BSK of 22.7% (31 December 2024: 24.4% after adoption of the annual financial statements) and a CET 1 capital ratio of 20.7% (31 December 2024: 21.9% after adoption of the annual financial statements). These ratios were thus well above the regulatory minimum requirements.

Sustained compliance with minimum regulatory requirements is ensured through normative capital planning as part of the medium-term planning and the controlling based on this.

This also applies to BSK's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). The LCR was 198% as at 31 December 2025 (31 December 2024: 173%). The NSFR was 132% on the same reporting date (31 December 2024: 134%).

As part of the annual medium-term planning process, compliance with both regulatory requirements and economic requirements was ensured through planning across the respective planning period, from the perspectives of both the ICAAP and the Internal Liquidity Adequacy Assessment Process (ILAAP).

BSK's balance sheet provisions for risks totalled €688 million (31 December 2024: € 533 million).

The following figures on the risk profile are based on the management approach. This means that the risk position is presented on the basis of the data used for internal risk management. The risk profile is reported to the Management Board and the committees, broken down according to risk category. The in-house risk perspective partly deviates from

the balance sheet approach. Key reasons for the differences between internal management and external financial reporting lie in the definition of the credit volume as ‘exposure’ (defined as drawn amounts or market values plus outstanding external commitments).

The risk cover amount reported as at 31 December 2024, calculated on a present value basis, amounted to €3,016 million; the additional amount of hidden reserves from the interest ledger totalled approximately €1,228 million for BSK on a consolidated basis as at 31 December 2024. As of 31 December 2025, the present value based allocable risk coverage potential amounted to €4,439 million.

Total economic risk amounted to €1,572 million as at the end of 2025 (31 December 2024: €1,998 million, based on the risk measurement methods used at that time).

Moreover, the results of the comprehensive materiality analysis and materiality assessment for ESG drivers 2025 were also taken into account in the risk assessment. The climate and environmental model risks quantified on this basis were incorporated in the risk-bearing capacity calculation.

Utilisation by risk category, the total risk, and the resulting headroom from an economic perspective as at 31 December 2025, amounting to €2,866 million, are reflected in the table below. Significant changes to the risks are shown in the paragraphs on the individual categories of risk.

Utilisation by risk category for BSK, including the Metzler Pension Fund, in million euros as at 31 December 2025

	31 Dec. 2025	31 Dec. 2024
Financial headroom	**2,866**	**1,018**
Utilisation	**35%**	**66%**
Allocable risk-covering potential/risk-covering assets	**4,439**	**3,016**
Risk utilisation		
Overall risk	**1,572**	**1,998**
Counterparty default risk	827	766
Market price risk	498	801
Operational risk	90	98
Other risk items/residual risks	157	333

For technical reasons, rounding differences amounting to +/- one unit (€, % etc.) may occur in the tables.

When comparing the figures with those as at 31 December 2024, account must be taken of the transition to the present value method for determining economic risk-bearing capacity and the partial restructuring of risks as at 31 December 2025.

The allocable risk coverage potential has increased since 31 December 2024 due to the transition described above.

As of 31 December 2025, the total risk (Value-at-Risk, 1 year, 99.9%) of BSK including MPF has decreased by approximately €426 million from €1,998 million as of 31 December 2024 to €1,572 million (including SKP and MPF). A key factor in this was the decline in market price risk resulting from the transition to the new methods and the restructuring of the residual risk positions taken into account until 31 December 2024.

Due to the increase in allocable risk coverage potential and the decrease in overall risk, the headroom increased during the reporting year. As at 31 December 2025, the utilisation of risk-covering potential in relation to the total risk remains very comfortable at 35%. Economic risk-bearing capacity was thus maintained throughout the reporting period, both in terms of utilisation and in the hypothetical event of the entire limit being fully utilised, as at the relevant reporting dates.

A limit system and associated escalation processes are in place to hedge the risk-bearing capacity. In the event that an economic limit is approached, i.e. if the economic risk has been utilised by more than 90%, the Management Board shall decide on measures to prevent the limits from being exceeded.

5. Risk categories

In the following section, the main risks as defined by MaRisk – counterparty default, liquidity and market price risks as well as operational and other risks – are defined in greater detail and examined with regard to risk prevention and compliance with regulatory requirements.

Counterparty default risks

In light of the overall situation described under “Current developments”, BSK has fine-tuned its Post Model Adjustment (PMA). This was described in detail in the chapter on overall risk management.

Counterparty default risk is generally defined as the risk of a loss arising from a business partner’s default. This may mean that a contractual partner of the financial institution fails to

make a payment, or fails to do so by the due date, or that the institution itself is obliged to make a payment as a result of a third party's failure to make payment. Moreover, this definition also includes the shareholder risk resulting from the provision of equity capital. Shareholder risk is rated separately; the annual review confirmed that it is immaterial.

In commercial lending, counterparty default risk is identical to the credit risk when granting loans. Issuer and counterparty risks from capital market transactions are based on the market prices of the underlying financial instruments. Issuer risk arises when securities are held in lieu of a loan or in case of money market investments. Counterparty risks represent the risk of potentially adverse consequences associated with the replacement of a derivative transaction in the event of a counterparty's default. Additional risk categories commonly encountered in trading and classified as counterparty default risk are settlement risk (risk that no consideration is received in the settlement of a trading transaction despite one's own performance) and country risk (transfer risk).

The measurement and control procedures for credit risks always include off-balance-sheet transactions.

Further credit risks arise when BSK extends loans to intra-group borrowers. With SKP's exit from the group of consolidated companies in 2024, there are no longer any risks from internal borrowers.

Creditworthiness/risk assessment

Each borrower's creditworthiness is assessed on an ongoing basis using internal rating and scoring procedures. These procedures are geared towards probability of default and result in a classification on a standardised rating scale ranging from 1 to 18, with further differentiation within individual classes.

BSK applies customer group-specific rating and scoring systems based on statistics, which were developed in projects with other regional banks, the German Savings Bank Association and specialised service providers. Process quality is routinely reviewed and optimised. The Credit Risk Controlling department performs the duties of the "body responsible for credit risk monitoring" in accordance with Article 190 of the CRR.

As a rule, the applicant's scoring/rating category is decisive in determining the competence level, the lending guidelines, and the intensity of credit monitoring. The credit competence regulations contain the individual credit decision-making powers and the credit decision-making powers matrix.

Loan portfolio model

Quantitative analysis of counterparty default risks, based on statistical methods, is carried out for loan portfolios using the Credit Portfolio View (CPV) model developed by Sparkassen Rating- und Risikosysteme GmbH.

The financial credit risk consists of two components: expected and unexpected default risk.

The credit risk premium reflects the expected credit risk based on the credit quality and collateral structure of the current portfolio and, thus, the write-offs and impairments expected on a long-term average basis. This component is taken into account during credit terms negotiation in commercial business.

Within the framework of the Monte Carlo simulation, the model allows the aggregation of borrower-specific default risks to the unexpected risk at the portfolio level, which is the quantile value of the portfolio loss distribution. This indicator is calculated monthly for the BSK portfolio, based on a 99.9% confidence level and a one-year holding period. The quantile value corresponding to a 99.9% confidence level was €667 million[18] as at 31 December 2025.

The loan portfolio model estimates the probability of large losses arising from correlated loan defaults on the basis of borrower-specific exposures, the rating class and the collateralisation. Due to its structure, the model used is sensitive to cluster risks and sector concentrations. Alongside default events, CPV captures both the migration risks associated with capital market instruments and those associated with commercial business.

Risk limitation

Counterparty default risks are limited and managed both at the level of the individual borrowers and at portfolio level as part of a strategic loan portfolio management framework.

Risk concentrations are limited at an operational level by means of maximum credit limits for each group of affiliated customers. Those ceilings are derived according to fixed rules from CET1 capital, borrowers' credit ratings and the collateralisation situation of the individual credit exposures. The approach was approved by the governing bodies, put into force, and is reviewed on a regular basis. The most significant risk concentrations are presented quarterly in the credit risk report.

[18] Economic credit risk (Credit Portfolio Valuation – CPV), excluding equity investment risk, risk arising from guarantee commissions and commercial credit risks relating to non-credit institutions.

Risk concentrations within regions and sectors should be minimised wherever possible. However, given the specific nature of the business model, this is not always possible in certain areas, for example due to the Berlin focus of BSK's operations. Country risks are measured continually on the basis of a suitable country exposure and are limited. The approved country limits remain in effect until further notice and will be applied for and approved as needed in accordance with BSK's existing country limit competence regulations. In line with the risk strategy, the countries relevant to BSK must be assessed in accordance with ESG guidelines regarding serious violations of democracy and human rights. The ESG analysis provider, ISS ESG, is used as the basis for this; where ISS ESG data are not available, assessments by the NGO Freedom House are used instead.

Individual borrower limits and their monitoring

Counterparty default risks in the trading book are limited at the individual borrower level by setting specific limits for each borrower in terms of amount, maturity and transaction type. These limits are systematically recorded and monitored on a daily basis.

In the volume lending business, which encompasses standardised loans such as instalment loans and overdraft facilities, IT-supported approval procedures are widely used. Larger exposures also require approval by the back office. Individual credit decisions for business that is not processed via standardised procedures are taken using clearly defined processes, depending on the size of the exposure and the level of risk. Decisions on larger exposures are made by the respective decision-maker and are then carried out by the back office.

To identify credit risks as early as possible and to proactively manage them, the borrowers' individual risk is monitored using a range of manual and automated procedures. In general, borrower ratings are updated at least once a year. As part of this process, the inventory and value of the collateral are also reviewed regularly so that a revaluation can be carried out if necessary. If the rating is downgraded, a decision is made on how to proceed with the commitment.

Early warning systems are used to identify borrowers who show the probability of an increased risk. Based on quantitative and qualitative early warning indicators, monitoring lists are created, setting out which borrowers are to be investigated separately. Conspicuous credit exposures and, in particular, any measures already initiated or intended to mitigate risks are detailed in a so-called risk dialogue, including an early warning round. The Credit, Risk Service, Risk Controlling as well as Sales departments are involved in this.

The quality of credit monitoring is constantly being optimised so as to speed up the decision-making process and improve the quality of the information available for identifying and assessing any potential risks. The Internal Auditing department regularly reviews the lending business, the risk measurement methods employed and, in particular, the lending processes, and on this basis identifies measures to further improve the quality of credit analysis and monitoring.

Portfolio management

The total counterparty default risk (new business and existing portfolio) is capped by a portfolio limit.[19]

	Counterparty default risk		Limit		Limit utilisation	
in mn. €	31 Dec. 2025	31 Dec. 2024[20]	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
BSK including Metzler Pension Fund	827	655	1,410	970	59%	68%

Risk mitigation

Various risk mitigation elements are employed to reduce counterparty default risks. As part of BSK's risk strategy, a specific collateral strategy is defined for each business unit.

In line with the different types of counterparty default risk (credit risk, issuer risk, counterparty risk), various risk mitigation techniques are employed.

As regards credit risks, impersonal and personal collaterals totalling €20.8 billion as at 31 December 2025 represent the main component. The scope of collateral is based on the amount of the exposure and probability of default (PD). The collateral is rated based on pre-defined criteria. Compensation agreements also help to mitigate risk.

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19 Counterparty default risk arises from economic credit risk (credit portfolio model – CPV), equity investment risk, the risk arising from guarantee commissions, and commercial credit risks relating to non-credit institutions.

20 The comparative figure as at 31 December 2024 represents the economic risk (unexpected loss) under the previous system, CVaR without MPF.

Responsibility for collateral management in connection with credit risks rests with the back office, which is responsible for the recognition, verification and regular valuation of collateral, as well as for the administration of credit risk mitigation techniques. To this end, the back office records and manages the collateral in a central IT-supported collateral management system.

In its rulebook, BSK has defined criteria for the periodic and ad hoc monitoring and review of property valuations.

When it comes to monitoring and reviewing property valuations, BSK distinguishes between monitoring based on market fluctuations and reviews carried out at regular intervals or in response to specific events.

The property portfolios serving as collateral undergo annual monitoring as at a specific reporting date, using a statistical method (market fluctuation concept). When monitoring market fluctuations, BSK uses market fluctuation analyses produced by the German Banking Association (DK) and transaction data from the Association of German Pfandbrief Banks (vdp). The concept is prepared for commercial properties and residential real estate in Germany. The LORA “market volatility” module is used to support the bank’s own portfolio.

If this or any other monitoring (e.g. an update to the property rating) reveals impairments that exceed the pre-defined tolerance limits, the relevant loan officer shall – after due consideration of the credit exposure – arrange for a review of the market and loan values.

While the hotel property sector, which had been affected by the impact of the (post-) pandemic years, experienced a critical downturn between 2021 and 2023, the market has since recovered from 2024 onwards and is no longer regarded as being in a critical state.

Since 2023, we have witnessed critical negative market fluctuations in the retail property sector. In addition, since 2024, market conditions have meant that the office and mixed-use property classes have also been experiencing significant negative market fluctuations (although in this case, it is usually properties with a majority (>= 50%) of commercial use that are affected). To the extent no regular, up-to-date valuations were already available, the valuation department was commissioned by the back office in the middle of 2025 to review the market and collateral values of the relevant properties in these three property classes. These ad hoc value reviews are to be completed, in consultation with the auditor,

by the end of the year at the latest, to ensure that the correct provision for risks is determined as at 31 December following the valuation of the collateral. For properties that have not been assessed, the loan value in the legal system (OSPlus-VVS) is initially set to 0 as at 31 December each year by means of a resolution (which means it is not taken into account for capital adequacy requirements).

Property types that cannot be monitored using the market fluctuation concept require individual review by valuers, in accordance with the property type list. The credit officer is responsible for authorising this.

Besides the annual monitoring of property collateral based on market observations, the valuation of the property must be reviewed by the valuers in line with the intervals published in the property type list. The credit officer is responsible for authorising this.

Risk mitigation for issuer risks is achieved by offsetting long and short positions. There was no collateralisation through credit derivatives.

With respect to counterparty risks, risk mitigation is achieved by offsetting opposing risk positions through netting agreements. Within BSK, this involves the use of close-out netting, which is usually applied in the event of a deterioration in a counterparty's creditworthiness, up to and including insolvency. This involves offsetting receivables against liabilities. This means that the resulting claims are determined for both parties by means of a set-off claim equal to the net market value of these transactions or the resulting unrealised gain or loss, and the amounts are offset against one another. In addition, individual collateralisation agreements may be concluded for OTC derivatives, securities loans and repo transactions, in addition to the netting agreements already concluded. As at the reporting date of 31 December 2025, counterparty risks were reduced by €0.5 billion through netting agreements and by €0.4 billion through collateral received.

Transfer risks

BSK limits country and transfer risks through volume-based country limits. Country risk is shown as the total sum of the country exposures.

Individual country limits are determined by the Management Board, taking into account the level of risk associated with the respective country and the performance of the individual loan portfolio.

The country risk is set out below. Since the data infrastructure was migrated to FinanzInformatik's standard systems, customers have been allocated to regions based on the country in which they are headquartered. In addition, there is a transfer of risk to Germany in the case of loans secured with property located in Germany, as well as a transfer of risk from ECA (Export Credit Agency) guarantees to the country of the guarantor. Transfer risk is assessed on the basis of the country's rating category.

International exposure **in mn. €**	**31 Dec. 2025**	**31 Dec. 2024**
European Union	4,993	4,337
Western Europe (excluding the EU)	828	923
Eastern Europe (excluding the EU)	5	6
Americas including the USA	593	825
Others	22	20
International exposure BSK	**6,441**	**6,111**
International exposure weighted by		
Minor transfer risk	6,426	6,088
Medium transfer risk	2	11
Major transfer risk or unrated	12	12
International exposure BSK	**6,441**	**6,111**

Organisations with the highest credit rating, such as the European Investment Bank, are not subject to country limits. Owing to their supra-regional activities, they cannot be directly assigned to a region such as Europe. As at 31 December 2025, the exposure of organisations with the highest credit rating totalled €0.5 billion. The exposure of all countries, including the above organisations, amounted to €6.9 billion.

Handling of non-performing loans

In principle, at-risk and defaulted exposures fall within the remit and responsibility of the Risk Management and Legal department, which restructures or liquidates these loans.

The current credit exposure (CCE) and, in particular, any overdue payments on non-performing loans are mitigated by individual value adjustments and provisions for losses, as well as recognised collateral, in line with existing risk processes and the current risk situation.

Establishment of provision for credit losses (PCL)

The remit of the Risk Management and Legal department includes, amongst other things, the creation of individual valuation adjustments. If the amount exceeds defined thresholds, individual members of the Management Board or the full Management Board decide on the amount of the valuation adjustment.

Proposals regarding the amount of individual valuation adjustments are based on clearly defined criteria, which depend, amongst other things, on the type of collateral or the status of the exposure (restructuring or liquidation).

Even for non-defaulted exposures that do not receive individual valuation adjustments, the credit risk provisioning requirement for latent counterparty default risks (general valuation adjustments) is determined in accordance with IDW RS BFA 7, taking a portfolio-based approach. The calculation incorporates the risk parameters of probability of default, exposure at default and loss ratio. In light of current macroeconomic and geopolitical threats and the resulting risks, which are not fully taken into account when applying established valuation models, post-model adjustments (PMA) have been made for property risks and ESG risks.

Reporting

Key performance indicators for the loan portfolio model are reported to the Management Board on a quarterly basis via the MRR. A detailed report is published quarterly in the credit risk report, which is also discussed within the Management Board. To identify risk concentrations promptly, they are grouped by sector and country. In addition, the report includes analysis lists on risk concentrations in line with the cluster risk concept at the level of groups of connected clients (GvK), and comments are provided on the largest instances of the BSK limit being exceeded at this level.

Besides the quarterly updates in the credit risk report, a quarterly report specifically on ESG risks is produced, as well as a monthly so called “traffic-light report”. Moreover, in accordance with MaRisk, the Management Board is informed on a daily basis of any limit breaches that may have occurred above a defined threshold.

Key figures from internal reporting on counterparty default risk

The measurement and management of counterparty default risks are based on a risk-appropriate presentation of credit-risk-bearing transactions. Credit risks, as well as counterparty and issuer risks, are measured on a product-by-product basis and quantified using the Current Credit Exposure (CCE).

Besides CCE, the internal control system also takes into account Credit Exposure (CE), which additionally includes undrawn limits that have been committed to customers. These limits may be either revocable or irrevocable. Internal reporting of counterparty default risks

to senior management is largely based on this figure. This is why the following figures are presented on the basis of credit exposure.

BSK's entire CE totalled €54.2 billion as at 31 December 2025 (31 December 2024: €53.8 billion).

Of this amount, €32.9 billion was attributable to the CCE for credit risks arising from commercial lending (31 December 2024: €33.7 billion). The CCE relating to counterparty and issuer risks arising from capital market transactions, amounting to €14.3 billion (31 December 2024: €13.1 billion), is included in the credit exposure.

The table below outlines the credit exposure by sector as at 31 December 2025. According to the taxonomy of the economic sectors, BSK allocates each customer to a sector. These sectors are grouped together and combined into key sectors. In line with BSK's business model, a key focus of its lending activities is on commercial real estate financing. As in previous years, the bulk of the lending volume in the banking sector and with local authorities was attributable to treasury operations. The volume relating to retail customers and real property financing consisted of credit risks.

Breakdown of credit exposure by sector for BSK, excluding internal borrower BSKH, as at 31 December 2025

	Credit exposure		of which CCE credit risks		of which CCE issuer and counterparty risks	
31 Dec. 2025	**in mn. €**	**in %**	**in mn. €**	**in %**	**in mn. €**	**in %**
Consultancy, planning, security	2,643	5	2,019	6	386	3
Services	4,251	8	3,466	11	230	2
Banking business & insurance companies	16,704	31	5,406	16	11,053	77
Local authorities	2,460	5	341	1	2,115	15
Health and social services	423	1	357	1	0	0
Trade and commerce	2,379	4	1,346	4	504	4
Real estate financing	15,319	28	13,945	43	6	0
Retail banking	9,975	18	6,009	18	0	0
Other	69	0	30	0	0	0
Total for all sectors[1]	**54,223**	**100**	**32,920**	**100**	**14,294**	**100**

[1] For technical reasons, rounding differences may occur in the tables.

Credit quality

The following chart breaks down credit exposure by rating category in line with the master scale used.

Breakdown of credit exposure by rating category in € million as at 31 December 2025

Rating categories	in mn. €	in %
1 (AAAA)	5,391	9.9%
1 (AAA)	6,005	11.1%
1 (AA+)	5,004	9.2%
1 (AA)	4,015	7.4%
1 (AA-)	3,858	7.1%
1 (A+)	3,775	7.0%
1 (A)	2,213	4.1%
1 (A-)	3,381	6.2%
2	3,613	6.7%
3	3,803	7.0%
4	3,375	6.2%
5	2,414	4.5%
6	1,833	3.4%
7	1,463	2.7%
8	765	1.4%
9	796	1.5%
10	586	1.1%
11	326	0.6%
12	268	0.5%
13	159	0.3%
14	88	0.2%
15	99	0.2%
15 (B)	36	0.1%
15 (C)	32	0.1%
16	13	0.0%
17	604	1.1%
18	213	0.4%
No rating category available	97	0.2%
Total of CE rating categories	**54,223**	**100.00%**

Liquidity risks

Liquidity risk encompasses the risk of insolvency and the risks of refinancing costs, in each case taking market liquidity risk into account.

Market liquidity risk is the risk that financial instruments cannot be traded on the financial markets at a specific point in time or at the expected prices.

The risk of insolvency, also known more specifically as liquidity risk, is the risk of being unable to meet payment obligations in full or on time when they fall due.

Refinancing cost risk is the risk of being unable to raise refinancing funds on the expected terms.

The task of the Treasury department is to ensure that BSK has sufficient liquidity. Liquidity planning and management must ensure solvency and compliance with regulatory liquidity ratios at all times, even in times of crisis. This means that a comprehensive set of tools is available for identifying, managing and monitoring liquidity risks, and these are continually being improved.

In the 2025 financial year, BSK remained solvent at all times in all the scenarios considered. Regulatory liquidity ratios were always met.

Measuring and managing liquidity risks

The risk of insolvency is measured as the survival period. The survival period refers to the period up to the last day on which the liquidity coverage potential is sufficient to offset the net liquidity outflows from the liquidity maturity schedule and is expressed in calendar days.

The risk of insolvency is measured and limited in a base-case scenario and three stress test scenarios. In the base-case scenario, the survival period is capped at 365 calendar days, with an early warning threshold of 730 calendar days; in the stress test scenarios, the limit is 30 calendar days, with an early warning threshold of 90 calendar days.

The refinancing cost risk is factored into the calculation of risk-bearing capacity. It is calculated for all non-credit-spread-bearing products, such as loans, deposits and own issues, with an underlying time horizon of one year. The model is based on a variance-covariance approach that incorporates historically observed changes in credit spreads.

Managing liquidity risks

BSK’s liquidity risk policy is based on holding a sufficient inventory of liquid assets to cover liquidity pressures that actually exist or are calculated on the basis of stress tests.

The aim of liquidity management is to secure that sufficient liquidity is always available, in accordance with the methodology described, even in the event of short-term bottlenecks or persistent general or institution-specific liquidity crises.

There is a contingency plan in the event of a liquidity shortage.

BSK has a liquidity transfer pricing system in place. As a general rule, liquidity costs, benefits and risks should be allocated internally on a cost-attribution basis.

Reporting on liquidity risks

An analysis of the economic liquidity risk position was made monthly in 2025. The insolvency risk reports were submitted to the senior management of the departments responsible for risk control and treasury, as well as to the entire Management Board. Early-warning level monitoring for the most severe stress test scenario – the combined scenario – was conducted on a daily basis.

The limits and early-warning levels were adhered to throughout 2025.

The regulatory ratios, i.e. the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), are reported regularly to the entire Management Board as part of the MRR. A monthly rotation is stipulated for the LCR as well as for the NSFR. In addition, the LCR is measured daily and the NSFR weekly for BSK.

In 2025, all regulatory thresholds were met.

Risk concentrations/refinancing

Refinancing concentration occurs when refinancing funds are overly concentrated in certain areas. Insufficient diversification can lead to refinancing difficulties in the event of defaults in individual sectors, and consequently directly to an increased liquidity risk.

BSK employs a balanced mix of instruments to refinance its lending business, primarily comprising customers' savings, demand and term deposits, and, to a lesser extent, bonds in the form of *pfandbriefe,* as well as other securitised liabilities and liabilities owed to banks.

The following table provides an overview of the sources of refinancing. The regional origin of the refinancing funds is predominantly centred on Germany, with a particular concentration of deposits from customers in the core region of Berlin and its surrounding area.

Share of key balance sheet items in balance sheet total (liabilities) of BSK

in %	31 Dec. 2025	31 Dec. 2024
Liabilities owed to banks	3.5	4.4
Liabilities owed to customers	75.4	74.4
Securitised liabilities	10.0	10.1
Trading portfolio	0.0	0.0
Provisions	1.3	1.3
Subordinated liabilities	0.8	0.8
Equity	4.5	4.6
Other liabilities	4.4	4.3
BSK's total liabilities	**100.0**	**100.0**

For technical reasons, rounding differences may occur in the tables.

Quantitative liquidity risk

The regulatory requirements regarding BSK's liquidity ratios were met at all times on the relevant reporting dates. At the end of 2025, the Liquidity Coverage Ratio (LCR) amounted to 198% (31 Dec. 2024: 173%) and the Net Stable Funding Ratio (NSFR) to 132% (31 Dec. 2024: 134%).

The shortest survival period in a stress test scenario towards the end of 2025 was 163 calendar days (previous year: 114 calendar days).

Structure of residual term

The table below shows BSK's financial obligations as at 31 December 2025, broken down by their contractually agreed residual terms. The figures are based on the AMM (Additional Monitoring Metrics for Liquidity Reporting) report and do not include other cash flows, such as guarantees and credit facilities.

Liabilities by residual term and refinancing structure

in mn. €	31 Dec. 2025	31 Dec. 2024
Secured refinancing		
<= 1 month	0	0
> 1 month and <= 1 year	0	0
> 1 month and <= 5 years	0	0
> 5 years	0	0
Total	**0**	**0**
Own issues		
<= 1 month	262	257
> 1 month and <= 1 year	948	382
> 1 month and <= 5 years	2,797	3,457
> 5 years	1,474	883
Total	**5,481**	**4,979**
Liabilities arising from derivatives		
<= 1 month	52	66
> 1 month and <= 1 year	4	7
> 1 month and <= 5 years	110	241
> 5 years	0	0
Total	**166**	**314**
Liabilities owed to financial customers		
<= 1 month	755	1,047
> 1 month and <= 1 year	124	69
> 1 month and <= 5 years	494	278
> 5 years	697	481
Total	**2,070**	**1,875**
Liabilities owed to customers		
<= 1 month	28,496	27,003
> 1 month and <= 1 year	4,192	4,646
> 1 month and <= 5 years	197	655
> 5 years	14	695
Total	**32,899**	**32,999**

Market price risks

Market price risks arise from a potential loss in value resulting from adverse changes in market prices or parameters that influence prices. Market price risks are incurred in Treasury, in particular in the form of credit spread risks, interest rate risks, share risks, option risks and currency risks. They also arise from the assets of the Metzler Pension Fund (MPF) and the outsourced pension liabilities. Market price risk is calculated, limited and managed holistically, which means that both general and specific interest rate risks are factored into the calculated Value-at-Risk (VaR). Industry- and sector-specific categories and credit spread risks are taken into account. In line with our business model and management philosophy, fluctuations in our own credit spreads are not taken into account when calculating market price risks.

Interest rate risk management focuses on offsetting interest rate risks arising from customer transactions and long-term refinancing, as well as on generating long-term income from maturity transformation resulting from the yield curve. Interest rate risk arising from pension liabilities recognised in the balance sheet is also reported.

Interest rate risk arising from the pension liabilities transferred to the MPF, as well as other market risks relating to the MPF's assets, are taken into account on a consolidated basis as part of BSK's economic risk-bearing capacity.

Methodology for measuring market price risks

As planned, the Sparkassen standard system for measuring market risk was introduced on 1 January 2025. The method used to calculate Value-at-Risk is now an analytical variance-covariance model based on the delta-gamma approach, taking into account the methodological requirements of the SR. Previously, market price risks were calculated using a proprietary system based on historical simulation. All market price risk factors, including option risks, will continue to be considered. Value-at-Risk is calculated on the basis of a holding period of one year and a 99.9% confidence level.

Based on current positions, around 290 of the risk factors provided by the SR are relevant for risk calculation (e.g. exchange rates, share prices, yield curve points, volatility points, etc.). Beyond the methods mentioned, the risk exposure of the items is reviewed daily by means of stress tests across a broad range of different scenarios (both historical and fixed scenarios) and reported in the monthly market risk report on the last day of each month.

During the initial model validation conducted in 2025, the new method for measuring market price risks was deemed suitable for use. The market risk model will continue to be regularly reviewed in the future.

Besides the management based on present value, a monthly simulation of the bank's total interest income for the following 12 months is carried out, assuming a constant balance sheet. This involves simulating both a scenario in which the current interest rate situation remains unchanged and scenarios involving changes in interest rates. In addition, scenarios with different credit spreads are calculated. Deviations from the status quo are assessed in relation to the allocable risk coverage potential.

Managing market price risks

The activities of the Treasury department are integrated into the risk strategy. Based on the risk-bearing capacity approach and the annual planning, the strategic framework is converted into specific market price risk limits and approved by the Management Board.

The Treasury department at BSK manages market price risk on the basis of market price risk limits and utilisation levels, stress test results and sensitivity analyses. This is complemented by further reports, which vary depending on the business activity and are tailor-made for the respective departments (e.g. maturity and risk profiles).

Investment decisions for the Metzler Pension Fund are made by the fund managers themselves, who are, generally speaking, independent of the bank and not bound by any instructions. In doing so, the fund managers take into account the investment guidelines, which are drawn up in consultation with the bank. BSK appoints representatives to the Metzler Pension Fund's Investment Committee, which usually meets twice a year.

The Treasury department fulfils the traditional functions of liquidity management, Depot A investment activities as part of asset allocation, and strategic maturity transformation. The process of scaling back the historical portfolio structures to a level typical of a savings bank is carried out as part of the management of the maturing portfolios.

Within BSK, responsibility for managing the interest ledger rests with the Management Board's Disposition Committee. It meets every month to discuss a review of business policy and, where required, a realignment of the interest rate risk. The procedures mentioned above for managing market price risks are also used for this purpose. Moreover, controlling under maturity/term aspects as well as in light of net interest income is facilitated by this.

BSK's New Product Process Committee meets regularly, or as and when required, to assess the risks and organisational implications of new business types and to monitor the necessary steps leading up to their launch. Final approval of a new product is granted by the Management Board following a joint proposal from the New Product Process Committee. Similar procedures apply to activities on new markets.

Managing market price risks

Market price risks are managed by the Risk Control department, which is independent of the Treasury department.

The management of market price risks consists of a system of risk-limiting thresholds, warning levels and associated procedural rules. Regular monitoring of market price risks is essential, as it ensures the flow of information, enabling any necessary corrective measures to be taken at short notice.

Market price risk reporting

Risk ratios and earnings ratios are reported to all members of the Management Board. Detailed risk reporting on market price risks is carried out in the monthly market risk report in accordance with MaRisk (which provides a detailed overview of the risk aspects); this report forms the basis for the reporting to the Disposition Committee meetings and the Credit and Risk Committee meetings. In addition, the key performance indicators are summarised in the MRR.

Market price risk limits and utilisation

The table below shows the value as at the balance sheet date.

Value-at-Risk of BSK, including the Metzler Pension Fund (holding period: 1 year, confidence level: 99.9%)

	VaR	
in mn. €	**31 Dec. 2025**	**31 Dec. 2024**
Share risk	90	225
Foreign currency risk	1	3
Interest rate risk	316	447
Credit spread risk	416	483
BSK including Metzler Pension Fund	**498**	**801**

Following the introduction of the Sparkassen standard system for measuring market price risks, Value-at-Risk is now reported on the basis of a one-year holding period and a 99.9% confidence level. In addition, BSK's market risks will now be reported here to include the Metzler Pension Fund. In order to ensure comparability, the above-mentioned adjustments have also been taken into account in the figures shown for 31 December 2024.

Changes in market price risks can be primarily attributed to the new market risk model. Compared with the historical simulation, the analysis no longer includes individual scenario days involving adverse and exceptional interest rate movements specific to the portfolio (such as significant flattening of the yield curve), which have a particularly risk-increasing effect, on which the diversification effects between the outsourced pension liabilities in the long maturities and the recognition under assets in the short and medium maturities of BSK are particularly low. The market price risk reported at BSK level, including the Metzler Pension Fund, is therefore now lower.

In the standard system, all fund positions are also fully transparent and are no longer considered part of the share risk per se, meaning that the risk associated with funds in BSK is primarily distributed across spread and interest rate risk.

Risk concentration

The monthly MaRisk reports present the risks of BSK and the Metzler Pension Fund as shown in the Value at Risk table. In addition, it contains, for example, information on sub-portfolios and a large number of predefined detailed stress tests. During the reporting year, there were no significant concentrations of market price risks relating to individual securities.

Interest rate risk

Uncertainty regarding changes in market interest rates and the potential losses associated with them poses a significant risk to banks. This risk is also determined at BSK as part of the VaR calculations and interest income simulations, meaning it is subject to limits and regular monitoring. The interest rate risk in the interest ledger is managed holistically and takes account of all cash flows arising.

With regard to interest rate fluctuations for short and medium-term maturities, BSK, including the Metzler Pension Fund, as at the end of 2025 was predominantly on the asset side, but on the liability side for longer-term maturities, in particular due to the off-balance-sheet and on-balance-sheet pension liabilities. Exposure did not change significantly compared with the previous year.

Currency risks

BSK including the Metzler Pension Fund does not hold any significant positions in foreign currencies. The currency risk, which relates to the Value-at-Risk with a holding period of one year and a 99.9% confidence level, amounting to approximately €1.0 million (31 December 2024: around €3.0 million), primarily arises from present value mismatches between foreign-currency assets and liabilities.

Share and fund risks

Share risks arise from the assets of the Metzler Pension Fund, which are taken into account as part of a fund-by-fund analysis. Apart from the Metzler Pension Fund, there is no share risk within BSK Group.

The fund positions on the balance sheet are also generally analysed in detail, meaning that the risk associated with BSK's fund positions is primarily distributed across spread risk and interest rate risk.

Hedge relationships

Economic hedge relationships are presented as a valuation unit in accordance with section 254 HGB, unless they are part of the bank's overall management framework and taken into account in the loss-free valuation of the banking book in accordance with IDW RS BFA 3.

Operational risks

Operational risk is defined as the risk of losses occurring as a result of the inadequacy or failure of internal procedures and systems, people, or external events. Operational risk takes into account, amongst other things, ESG risks, such as risks arising from breaches of labour and social standards, failure to respect human rights, and risks resulting from inadequate handling of anti-corruption and anti-bribery measures. The definition of operational risk (OpRisk) includes legal risks, information and communication technology (ICT) risks and operational model risks, but does not include strategic risks or reputational risks.

The Compliance department is responsible for implementing and overseeing reputation risk management at BSK.

The goals and measures for risk minimisation, as defined at business unit level, are determined by the relevant decentralised risk managers.

Organisational structure

The Risk Controlling department is centrally responsible for managing operational risks.

In accordance with BSK Group's operational risk strategy, which also applies to BSK, the implementation of the above-mentioned framework and the day-to-day management of operational risks are the responsibility of the business divisions as part of their accountability for profits or losses.

The OpRisk Committee is a body responsible for all queries involving the control and management of operational risks; it meets as and when necessary, but at least once every year. It assists the Management Board in carrying out its supervisory role.

Risk management and risk monitoring

Operational risk is part of the risk-bearing capacity approach within the framework of BSK's overall risk management. As part of this process, the operational risk profile is established in relation to BSK Group's risk appetite; measures and priorities for risk mitigation are also defined there. The Management Board is briefed on the current situation of operational risks on a quarterly basis.

A variety of tools are used to manage operational risk efficiently; most of them are also part of the operational risk calculation model. Key instruments are:

- the scenario analysis used to determine the loss potential associated with BSK Group's critical scenarios;
- a collection of loss events (internal/external);
- the early-warning system (recording and monitoring of risk indicators);
- measurement monitoring (recording and monitoring of measures identified in response to significant risks and loss events) and
- the risk transfer under an insurance cover.

BSK Group uses standard software to record losses, as well as tools – developed by the central OpRisk Controlling department – for calculating OpVaR, managing data and reporting.

Measuring operational risks

Regulatory capital for operational risks is calculated using the standardised measurement approach (SMA) prescribed by the supervisory authorities and amounts to €191.7 million for BSK (31 December 2024: €94.0 million). The Advanced Measurement Approach (AMA), used until 31 December 2024, has been discontinued following the introduction of CRR III.

Economic capital for operational risks is calculated on a consolidated basis by means of an internal model for BSK, plus an add-on for individual companies within the internal consolidation scope. The risk calculation based on the internal model plus the add-on, within the framework of risk-bearing capacity, resulted in a consolidated figure of around €90.0 million for BSK as at 31 December 2025 (31 December 2024: €98.0 million). [21] This figure represents the 99.9th quantile of the annual loss distribution and is therefore a conservative estimate.

ESG risks are accounted for in the model through scenario analysis and loss events that have already occurred (e.g. heavy rainfall). In 2025, a materiality analysis of selected ESG risk drivers in relation to operational risk was carried out. The impact on operational risk was found to be not significant.

In 2025, BSK experienced no system failures or performance limitations due to geopolitical circumstances; no rise in cyber incidents or malicious acts was recorded.

Working remotely remains an option. This is currently possible on a voluntary basis for up to 60% of the weekly working time. There are internal guidelines in place, especially for data protection and information security. The remote working procedure is a standard procedure developed by FinanzInformatik, Sparkasse's IT service provider.

[21] As of 31 December 2024, there was a one-off exceptional item. SKP was deconsolidated in early December 2024. Due to the minimal impact on operational risk (OpRisk), SKP’s risks as at 31 December 2024 continued to be fully consolidated within BSK and included in the economic risk-bearing capacity.

Personnel risks

At BSK, personnel risks are measured using strategic indicators, which are then linked to target values and action plans.

- **Personnel resource management:** The key strategic indicator is the demographic ratio, which measures the proportion of young staff (<30 years) relative to the older workforce (>55 years).
  Measures include, among others: BSK Young Talent Programmes: apprentices, dual-track students, trainees, and working students as a gateway to future careers; development and training opportunities for the experienced 50+ target group; development positions.
- **Recruitment, attractiveness and identification:** The key strategic indicator for employee retention and satisfaction is the Organisational Commitment Index (OCI).

  Measures include, amongst others: annual surveys; external assessments; dialogues and workshops; internal and external recruitment.

- **Transformation – coping with constant change:** The strategic metric is the percentage of women at the second and third management level (executive and specialist careers).
  Measures include, among others: recruitment procedures, company agreement on equal opportunities, mentoring, equality in leadership and level 3 specialisation.
- **Training and skills development:** The key strategic indicator is the amount spent on training and development per employee (budget utilisation). Measures include, among others: mandatory training courses and a wide range of training programmes for professional and personal development.
- **Health promotion:** The strategic indicator is the health ratio. Measures include, among others: workplace health management; communication; and the health portal.

The aim is to identify negative trends and take appropriate action to prevent or minimise risks.

In addition, the approach has shifted from a close-to-present-value perspective to a present-value perspective, and the add-on is now directly reflected in OpRisk (as at 31 December 2024, reflected in residual risk).

ICT and system risks

Currently, no ICT (information and communication technology) and system risks that could threaten the company's continued existence are expected to occur. The first line of defence independently records identified risks as part of the ICT risk catalogue. The ISB (Information Security Officer for Compliance) checks the plausibility of the risk assessments and approves them. The ISB is in charge of tracking the entire risk catalogue. All outstanding risks are managed by the risk owners and monitored by the ISB. Risk awareness sessions are held on a quarterly basis with the relevant divisional management (risk owners).

ICT risk management takes a centralised and holistic approach that includes an ongoing risk awareness programme for employees and a regular risk assessment carried out using established methods. To identify risks, predefined risk indicators are analysed on a regular basis.

Risks in accounting

Managing accounting risks is part of managing operational risks.

Besides the day-to-day financial accounting, BSK's financial reporting for the 2025 financial year included, in particular, the preparation of the annual financial statements, a half-year financial statement as well as the associated management reports. BSK's Finance department is responsible for accounting. Accounting processes are standardised and are regularly monitored as part of the overall risk mitigation strategy.

The internal control system (ICS) relating to financial reporting includes the principles, measures and procedures (policies) designed to ensure the accuracy and reliability of financial reporting, compliance with the relevant legal requirements, and the effectiveness of controls relating to accounting. The measures implemented under the accounting-related internal risk management system (RMS) to identify, assess and mitigate risks are designed to ensure that annual financial statements and management reports are prepared in accordance with accounting standards.

Controls are implemented following an assessment of suitability, effectiveness and cost-effectiveness.

The aim of the accounting-related internal control system is to record, process and document business transactions as they arise in a complete, timely and accurate manner,

in keeping with statutory requirements, the Articles of Association and other internal guidelines. Assets and liabilities must be correctly recognised, presented and measured in the financial statements. Profit or loss has to be determined in line with factual circumstances. The controls also serve to ensure that this financial statement information is provided in a timely, reliable and complete manner.

The components of the accounting-related internal control system comprise process-integrated and process-independent measures. The process-integrated measures include organisational safeguards such as the separation of duties, access restrictions, policies and authorisation rules, along with controls involving comparisons of actual figures against target figures and programmed plausibility checks. Process-independent measures consist of internal audit reviews and higher-level reviews by the management. The accounting-related internal RMS is consistent with the overall risk strategy, which comprises quantitative and qualitative methods for risk identification (claims database, self-assessment and risk indicators), risk management and risk monitoring measures, as well as regular reporting.

When evaluating financial instruments, the Finance department relies on the relevant price information provided by the Risk Controlling department. Credit risks are assessed by Credit, Risk Management and Legal departments, and the respective information is incorporated into the preparation of the financial statements.

The Finance department specifies centralised, uniform guidelines for the preparation of annual financial statements, management reports and tax balance sheets.

BSK applies a process and procedural documentation framework for the preparation of financial statements and management reports, which also includes the controls that are to be carried out as part of the process. Business transactions are processed and posted using IT systems. Accounting books and other inventory records are kept in electronic form.

BSK uses One System Plus (OS Plus) as its central financial accounting system. Financial accounting must be capable of providing an independent third party with an overview of business transactions and the financial position within a reasonable period of time.

BSK uses the SimCorp Dimension (SCD) software as its information infrastructure for initiating and processing trading transactions within its accounting system.

Part of the financial reporting process involves controls comprising system-based reconciliations, individual checks, spot checks, plausibility checks and reconciliations with existing data sources. In the event of any deviations from the target process, the accounting processes concerned along with the relevant controls are evaluated and revised. A review of these processes and the effectiveness of the accounting-related internal control system is also carried out in the event of changes to the accounting-related systems used, as well as in the event of any changes to the responsibilities within the individual departments.

Internal Auditing, as the in-house and independent department, carries out non-process related measures and evaluations to monitor compliance of accounting-related regulations and thus the effectiveness of the implemented controls. The Internal Auditing department takes this into account in its rolling annual planning and regularly audits the Finance, Organisational and Productivity Management departments. Additionally, high-level controls have been established in the form of a reporting and instruction system.

In 2022, the German Federal Financial Supervisory Authority (BaFin) performed an audit pursuant to section 44(1)(2) of the German Banking Act [KWG] at Finanz Informatik (FI), the central IT service provider for the Sparkasse Finance Group. The Management Board of BSK was informed of the audit outcome as well as the further procedure as regards reporting. The audit found significant shortcomings in specific IT processes and consequently in the internal control system of the outsourced division.

Finanz Informatik is currently discussing with BaFin representatives as well as with the German Central Bank measures to remedy the defects and a schedule with individual measures. The depth and scope of the duty to notify the authorities about the rectification of defects have been extended by the supervisory authority to include a supplementary account of the rectification of defects, taking into account the requirements of the Digital Operational Resilience Act (DORA). This applies especially to the areas of outsourcing management and business continuity management. The current work plan has been amended by Finanz Informatik; these two fields can only be reported as completed in the last quarter of 2026. The supervisory authority’s approval of this change was granted in the 2025 financial year.

The measures are being addressed on a risk-oriented basis; according to the latest report as at 30 September 2025, 86 defects have been fully remedied. According to the relevant reports, Finanz Informatik’s progress in rectifying the defects is on schedule.

Regular follow-up of the audit findings, including communication of the agreed measures by BSK, is carried out via the contractually agreed reporting arrangements with Finanz Informatik. BSK is updated quarterly on the progress made in addressing the findings and implementing the measures.

Finanz Informatik is expected to have fully rectified all issues by the end of 2026. To better assess progress and provide early guidance on rectifying defects, additional interim milestones were agreed with the authority.

To ensure that the control shortcomings identified do not adversely affect accounting, additional plausibility checks, analyses and manual control measures were carried out as part of the process of preparing the annual financial statements. No findings or indications of potential accounting errors were identified in the course of this review.

In 2023 and 2024, the German Federal Financial Supervisory Authority (BaFin) carried out audits pursuant to section 44(1)(2) KWG at S Rating und Risikosysteme GmbH (SR), the central service provider for risk management procedures within the Sparkasse Finance Group. BSK's Management Board and the outsourcing management were informed of the audit outcome as well as the next steps.

Risk-bearing capacity assessment for 2023: The audit report's findings relate to the compliance of SR's business organisation as an outsourcing entity, which, according to the report, is restricted in individual cases. Overall, 34 findings were identified, two of which were serious (F4). Amongst other things, the audit revealed shortcomings in the outsourcing relationship.

BSK receives quarterly updates for the Supervisory Board and action reports. The action plan was received and accepted by the supervisory authority. Both F4 findings are currently in the process of notification of the rectification of defects: For one finding, the notification process has been underway since the report was submitted on 28 February 2025; the second notification was submitted to the supervisory authority on 30 November 2025.

2024 MPR (Market Price and Property Risks) audit: BaFin's assessment has been available since 21 August 2025.

The audit report's findings primarily concern the compliance of SR's business organisation as an outsourcing entity, which in individual cases is restricted according to the audit. Taking

into account the nature, scope, complexity, and risk profile of the activities carried out and the processes outsourced to them, the supervisory authority assessed the compliance of the business organisation in the area of market price and property risk measurement as satisfactory, subject to certain reservations. Overall, 39 findings were identified; none of these were classified as serious (F4).

The action plan and timetable required by BaFin to address the findings of the audit were submitted on time on 31 October 2025. Starting on 28 February 2026, reports on the status of defect rectification and compliance with the action plan and timetable will be submitted to the supervisory authority every six months.

Formally, the findings concern SR's organisation, therefore BSK is only marginally affected by this directly, especially since not all SR systems objected to are also used by BSK.

In a letter dated 29 September 2025, BaFin ordered a further audit of SR's business organisation in compliance with section 44(1), second sentence, KWG. The audit has been taking place since 24 November 2025. Focus of the audit: Methods and procedures which SR centrally provides to credit institutions within the Sparkasse Finance Group to assess and ensure their risk-bearing capacity from a regulatory perspective, and to integrate them into the bank-wide management system.

The supervisory authority has verbally announced that a subsequent centralised audit will be carried out in 2026 in line with section 44 KWG.

Security and crisis management, outsourcing

BSK has a written contingency plan for critical business processes. Emergency drills are carried out to assess the effectiveness and adequacy of crisis management plans. A crisis management team, tasked with decision-making and leadership functions in the event of a crisis, has been set up.

To coordinate, monitor, and manage information security, BSK applies industry standards as set out in MaRisk and DORA. To fulfil the requirements of the ISO standard 27001, BSK uses the "Sicherer IT Betrieb" (SITB) tool developed by SIZ-GmbH, a company belonging to the German Savings Bank Organisation.

All third-party services that constitute outsourcing as defined by MaRisk and EBA, as well as ICT service providers that support critical or important functions (DORA), are managed

and monitored at BSK by the Partner and Service Provider Management Group, which is part of the Organisational and Productivity Management division. In order to maintain the separation of functions, the centrally managed service provider does not assume any professional responsibility for the outsourced activities and processes. This responsibility lies with the relevant operational process owners.

The Partner and Service Provider Management Group works closely together with the process owners. As part of the annual risk analysis, the risk associated with outsourcing business activities is identified, its materiality is determined and measures to minimise the risk are established.

All other third-party services are subject to decentralised service provider management by the process owners, who primarily perform a monitoring role.

The Central Outsourcing Management (ZAM) or the Central Outsourcing Officer (ZAB) assumes this role as a secondary function and monitors compliance with the guidelines for third-party procurement. The basis for monitoring is the life cycle of the contractual agreement and the requirements of the internal control system.

Legal risks

The Risk Management and Legal department is responsible for legal risk management. The focus here is on ensuring that risk-mitigating standards are in place, as well as on relevant legal and contractual issues and how to deal with them.

Key projects (e.g. the implementation of EU Directives, the launch of new products) are coordinated with the Legal and Complaint Management department to ensure they comply with legal requirements. To help prevent risks, it provides templates for contracts and other legally significant documents. In the event of any deviations or new regulations, the Legal and Complaint Management Department must also be consulted. If the services of external lawyers in Germany or abroad are used, overall responsibility also lies with the Legal and Complaint Management department.

As part of its supporting legal advisory services, the department works with other departments to draft contracts, terms and conditions, and other legally significant documents. Whenever legal documents are submitted by third parties, the Legal and Complaint Management Department must always be involved.

If there are any unforeseen developments (e.g. due to a change in case law) or if errors have occurred, it will help to identify, rectify and prevent such problems or errors in future. The Legal and Complaint Management department is responsible for examining and assessing such incidents on the basis of legally relevant facts and for managing any legal proceedings. This applies in particular to the defence against any claims asserted.

The Legal and Complaint Management department reports on legal risks by submitting documents to the Management Board, while ongoing legal proceedings are documented through standardised notifications to the relevant departments.

In conjunction with the price adjustment clause in the General Terms and Conditions, provisions amounting to €1.0 million remained in place at the end of 2025 following the release of €8.5 million. Provisions had originally been set aside to cover the costs of the model declaratory action, the costs for lawsuits brought by debt collection agencies, and any potential reimbursement claims. The model declaratory action was settled in 2025. Consequently, no further provisions were required. No further claims were brought by debt collection agencies; therefore, these provisions were also released. A provision of €3.0 million had initially been set aside to cover reimbursement claims. Since this amount was not fully utilised, this sole remaining provision was reduced to €1.0 million.

The provision of €25.1 million set aside to cover interest on long-term savings contracts was reduced to €22.6 million as at 31 December 2025, as a result of drawdowns and partial reversals. As at 31 December 2025, provisions totalling €23.5 million had, therefore, been set aside to cover the current legal risks arising from the Federal Court of Justice (BGH) rulings on price adjustment clauses in general terms and conditions and on interest on long-term savings contracts.

Strategic risk and other risks

Business policy and strategy decisions

A strategic risk is defined as the risk of failing to achieve the company’s long-term objectives as a result of strategic decisions based on incomplete, incorrect or inaccurate information. The Management Board as a whole is responsible for managing strategic risk; certain decisions also require the approval of the Supervisory Board.

The strategy, adopted by BSK's Management Board and updated regularly, specifies BSK's binding strategic direction, which may be fleshed out in separate functional strategies.

Strategic objectives are monitored and managed several times a year on the basis of defined strategic performance indicators and target values (target-actual comparison and strategic reporting). In addition, the Management Board addresses the most important strategic projects and measures in PULS (a meeting of the Management Board held three times a year to discuss strategic measures), so as to be able to make adjustments during the year and ensure that strategic objectives are achieved. Furthermore, throughout the year, selected financial and risk targets are monitored using standardised reports.

Strategic and general business risks are identified once a year based on the corporate strategy and are taken into account in the medium-term plan (MTP). The results are included in the risk inventory. As regards general business risks, the qualitative assessment classifying them as a non-material risk category was supported by a quantitative analysis.

The strategic leadership is exercised by the Management Board.

D. Opportunities, risk and forecast report

The forward-looking statements in the forecast report are based on assessments and conclusions taken from information currently available. These statements are based on a number of assumptions relating to future events, which have been factored into the company's planning. There are uncertainties and risks regarding the occurrence of such future events, many of which are beyond BSK's sphere of influence. Accordingly, actual events may differ from the forward-looking statements made in the forecast report.

At present, it remains particularly difficult to assess the indirect consequences of the military escalation in the Middle East and of Russia's war of aggression against Ukraine, as well as the ensuing geopolitical implications. Furthermore, measures taken by the US government may have consequences for international trade, interest rate developments and other trends particularly in the Berlin real estate market, as well as political and economic developments in Europe and their effects, thus adversely affecting BSK's earnings. In this context, the forecasts set out below are subject to a high degree of uncertainty.

Recent developments have shown that the ability to make forecasts is limited in a volatile environment. Below, BSK discusses in detail the key opportunities and risks associated with the forecasts for central management. Opportunities are defined here as possible future developments or events that might lead to a positive deviation from forecasts or targets. By contrast, risks are defined as possible future developments or events that could lead to a negative outlook for BSK or a deviation from its targets. The long risk report sets out the bank-specific risk categories in detail.

1. Outlook on the framework and competitive conditions

The forecast figures, compiled in 2025 and relating to the year 2026, are outlined in the following chapter and are subsequently assessed in the light of BSK's current assessment.

In the context of the ever-increasing pressure for transformation on German industry, economic growth remains subdued in general. However, government spending on equipment and personnel for the Bundeswehr, as well as investment in infrastructure and digitalisation projects, should help boost the economy over the course of the year.

BSK expects prices to remain stable. Minimum wage adjustments and a rise in real earnings, which due to the skills shortage are still outpacing collective agreement increases, merely slow down the inflation-dampening effect of the now significantly lower wage growth

rates. At the same time, fierce international competition and a continued reluctance to spend are easing the price pressure. However, supply bottlenecks caused by export restrictions and sanctions imposed by third countries could trigger price shocks. Moreover, the rise in social security contributions will drive up incidental wage costs in Germany. Overall, inflation is expected to remain close to the European Central Bank's (ECB) 2% target, meaning that the ECB is not expected to take any significant action on interest rates.

Geostrategic conflicts and political risks remain a source of uncertainty, with the dispute over Ukraine being of critical importance for the future European security architecture. Any negative developments would reinforce the trend towards a slight rise in capital market yields.

Economic activity in Berlin is expected to pick up slightly again in 2026. Over the course of the year, growth could exceed the national average by around 0.6 percentage points. According to our expectations, however, employment growth is only gaining momentum slowly, because geopolitical upheavals are leading to changes in demand among business service providers, shifts in migration, and investment flows, whilst a more restrictive immigration policy threatens to hamper the migration of skilled workers. Nevertheless, Berlin is expected to record a net migration figure in 2026 that, although smaller, will once again be positive. Fiscal stimulus from the federal and state budgets is expected to underpin the economy in 2026, even though the high level of debt in Berlin's state budget also poses long-term risks to growth. Thanks to Berlin's entrepreneurial spirit, geopolitical turning points and structural shifts also present opportunities for growth: Following the significant upturn in start-up numbers last year, these new companies could once again prove to be a magnet for investment, even for international investors. This is, however, offset by the excess demand in the housing market, which acts as a barrier for young companies. Demand for housing continues to be concentrated primarily on the rental market, even though the rise in rental prices is likely to be more moderate in future, following the strong increases of previous years. Despite the negative debate over nationalisation plans, buyer interest is likely to pick up further as the year progresses, meaning that, according to BSK, Berlin's residential property market will continue the upward trend it has already begun, albeit at a slower pace.

2. Forecast

The forecast for the 2026 financial year regarding overall macroeconomic developments is based on the key figures from BSK's medium-term plan for 2026 to 2030. In detail, these are:

- GDP growth rate of Berlin: 1.2%
- GDP growth rate of Germany: 0.6%
- Germany’s inflation rate: 2.3%
- Berlin savings rate: 11.3%
- Berlin unemployment rate: 10.8%
- Pay rises in the banking sector: 2.7%
- OIS rate (€STR): 1.67%
- 10-year SWAP rate: 2.4%

The assumptions are continually being reviewed in the context of BSK’s economic monitoring.

Below is an overview of the trends in the key performance indicators, based on a comparison of the 2026 forecast with the actual figures for the 2025 financial year:

For 2026, BSK anticipates **earnings after income tax** or a profit transfer to BSKH of €246 million, which would be €47 million lower than the profit for 2025. The downward earnings forecast is primarily due to expected declines in net interest income (taking into account a general interest rate risk) and higher administrative expenses (mainly due to project costs and an expected increase in staffing levels). On the other hand, lower than expected provisions for risk are a key factor; but these cannot fully offset the effects mentioned above.

A **CET 1 capital ratio** of 21.4% is projected for the end of 2026 (31 December 2025: 20.7% after adoption of the annual financial statements). Conservative assumptions were made during the planning stage, taking into particular account the current geopolitical environment and possible effects of climate and environmental risks. The increase is almost entirely attributable to the planned increase in reserves in accordance with section 340g HGB.

BSK’s **balance sheet total** is forecast to be €41.9 billion at the end of 2026 (31 December 2025: €44.8 billion). The main driver of this is customer deposits, which are expected to decline slightly.

The **cost-income ratio** is projected to be 61.1% in 2026, up from the figure as at 31 December 2025 (56.4%). This is due to the lower interest income forecast as compared to 2025, accompanied by slightly higher than forecast administrative expenses.

The **return on equity** is expected to be 11.2%, down from the previous year's figure (31 December 2025: 13.2%). This trend is in line with the trend in profit after income tax.

The **return on capital** for 2026 is expected to be 15.0%, below the figure as at 31 December 2025 (17.6%). This is due to the lower projected annual profit, combined with an expected increase in capital tied up in RWA.

The next **customer satisfaction** survey is scheduled for 2027 (conducted every two years). In 2025, the customer satisfaction index was 72 points for retail customers and 78 points for corporate customers. Since the survey is only carried out every two years, there is no forecast for 2026; however, the target figures for 2027 are set to be slightly higher than the levels recorded in the survey for the 2025 financial year. The current measures are, therefore, aimed at further increasing customer satisfaction by the time of the next survey and maintaining our strong position relative to our competitors.

A high level of **staff commitment** is a strategic objective of BSK. BSK expects that the current OCI index value of 74 (slightly above the industry average) will be at least maintained in 2026.

3. Opportunities and risks

- **Macroeconomic and financial environment**

Economic developments during the forecast period will continue to be largely influenced by a challenging macroeconomic environment. Following a period of heightened uncertainty resulting from geopolitical tensions, persistent inflationary pressures and restrictive monetary policy measures, the economic outlook is expected to stabilise gradually in 2026. That said, significant risks regarding further economic developments remain.

Strong competitive pressure is expected to continue across the financial sector as a whole. Although interest rates are likely to stabilise at a higher level than in previous years, they remain volatile, influencing both customer behaviour on the deposit side and the margin situation in lending business. Furthermore, technological innovations and regulatory requirements are intensifying the pressure on credit institutions to adapt.

Compared to the rest of the country, the Berlin economic region continues to demonstrate above-average dynamism, particularly in the sectors of services, the creative industries, start-ups and technology-oriented companies. At the same time, the Berlin market is

characterised by a high level of heterogeneity in terms of income and wealth, as well as by significant political influence on economic conditions.

- **Market opportunities and risks in the Berlin business area**

Berlin's economy continues to reap the benefits of population growth, its strong appeal to start-ups, as well as public and private investment in infrastructure and digitalisation. This opens up substantial **opportunities for BSK in corporate banking and property finance**, particularly through supporting growing SMEs and providing project-related financing.

Conversely, possible **risks arise from an economic slowdown**, particularly in cyclical sectors and amongst companies with high levels of debt. A deterioration in the economic situation could lead to rising credit risks and increased provisions for bad debts.

- **Business-segment-specific opportunities and risks**

- **Trends in the financial situation of private households**

The financial situation of broad sections of the population continues to be under pressure, particularly from rising living costs, high rents and uncertainties in the labour market in certain sectors.

Opportunities:
Opportunities will arise from increased demand for **advisory services, debt restructuring and structured financial solutions**. BSK can leverage its strong regional presence and its role as a reliable financial partner to boost customer loyalty and enhance cross-selling opportunities. This will enable BSK, in particular, to have a positive impact on customer satisfaction and, where appropriate, to perform better than forecast.

Risks:
Conversely, there is a risk of rising credit risks in the consumer credit business, which could result in lower profit transfers and a deterioration in key return metrics compared with the forecast.

- **Interest rate environment, competition and deposit business**

The current interest rate environment continues to have a significant impact on competition in the deposit business. Customers are becoming increasingly sensitive to differences in interest rates and are comparing terms and conditions using digital channels.

Risks:
Intense competition for deposits could lead to **pressure on margins**. More attractive terms offered by competitors might cause a **shift in deposit volumes**. In addition, innovations such as the launch of a **digital euro** could lead to structural changes in payment behaviour, for example through lower deposit balances or reduced use of cash machines, which could undermine long-term earnings potential in the payment transaction business. This would, in particular, result in the projected profit transfer and expected return ratios falling short of targets, as well as a decline in the cost-to-income ratio.

Opportunities:
By contrast, the interest rate environment continues to offer opportunities for **differentiation through product design, advice and service quality**. Targeted offers, digital solutions and transparent communication enable BSK to strengthen its customer relationships and attract new customer groups. This could help BSK to improve customer satisfaction compared with the forecast, and boost staff engagement.

- **Interest rate changes:**

Changes in general market interest rates affect both the interest margin as a key source of income and customer behaviour in the deposit and lending business. Although rising interest rates tend to lead to higher margins in the lending business, they also increase refinancing costs and could have an impact on the valuation of the securities portfolio. On the other hand, falling interest rates have a dampening effect on interest income, but can boost valuation reserves and stimulate demand for finance. Furthermore, this has implications for the present value and the net income, as well as for regulatory indicators.

Opportunities:
Increasing the interest margin in traditional retail banking is possible, provided that interest rates on loans can be adjusted more quickly or more significantly than the interest rates on customer deposits. In addition, higher interest rates can make long-term savings and investment products more attractive. In an environment of declining interest rates, on the other hand, valuation gains might arise in the portfolio of interest-bearing securities, as well as the demand for credit might increase, especially in private residential construction and in commercial SME lending within the capital region’s business area.

Risks:
As interest rates rise, there is a risk of valuation losses in the fixed-income securities portfolio, as well as increased sensitivity of customer deposits (“deposit migration”) towards higher-yielding products, which may increase refinancing costs. Moreover, a significantly

higher level of interest rates may undermine borrowers' debt-bearing capacity, leading to increased default risks. On the other hand, in a persistently low-interest rate environment, there is a risk of structural margin erosion in the deposit and lending business, as well as increased competitive pressure.

- **Competition in the securities sector and neo-brokers**

Competition in the securities sector has intensified even further with the emergence of neo-brokers and digital trading platforms.

Risks:
Price pressure and streamlined digital services could lead to a **decline in profits in the traditional securities business**. Younger, price-sensitive customer groups in particular might increasingly switch to alternative providers. This would result in the projected profit transfer, return on equity and return on capital falling short of forecasts.

Opportunities:
At the same time, there is a chance to stand out by **offering high-quality advice, holistic wealth management strategies** and **hybrid advisory models**. BSK can leverage its position of trust and regional presence to meet complex customer needs that go beyond purely transactional services. Besides improved customer satisfaction compared with the forecast, this additional business would also potentially have a positive impact on profit transfer.

- **Establishment of the International Corporate Banking division**

In the 2025 financial year, the new **International Corporate Banking** division was launched in collaboration with the Sparkasse Finance Group. The aim is to provide more comprehensive support to SMEs operating internationally and to significantly expand market shares in this segment.

Opportunities:
BSK anticipates substantial growth potential from the pooling of expertise and a stronger international focus. In particular, Berlin-based companies with international supply chains, overseas branches or an export focus can be given more comprehensive support. This will unlock **additional revenue potential** in payment services, documentary business, foreign trade finance, and treasury and hedging activities. Furthermore, an international presence will reinforce competitiveness against major banks and specialist institutions. This might have a positive impact on the figures presented in the forecast, in particular the profit transfer and the two return ratios.

Risks:

On the other hand, there are increased **operational and regulatory risks**, particularly in relation to country-specific risks, anti-money laundering, sanctions and stricter risk management requirements. The establishment of the business division involves **start-up costs and increased coordination efforts**. Furthermore, there is a risk that the anticipated growth impetus may be weaker than forecast owing to geopolitical tensions or protectionist tendencies. Higher-than-planned expenses, particularly if they are not offset by corresponding gains, may negatively impact the projected profit transfer to BSKH, as well as the return on equity and the return on capital.

- **Regulatory and supervisory developments and requirements**

Regulatory requirements for credit institutions continue to become stricter, especially in the areas of sustainability, IT security, risk management and reporting.

Risks:

Stricter regulatory requirements (e.g. further expansion of capital and liquidity requirements) may result in **significant project costs**, both in terms of staff and finances. Any delays or misjudgements in implementation could lead to sanctions or reputational risks. High expenses would cause the financial indicators of profit transfer, return on equity, return on capital and cost-to-income ratio to fall below the projected figures. Furthermore, damage to the organisation’s reputation would have adverse effects on expected customer satisfaction and staff loyalty.

Opportunities:

In the long term, higher standards may contribute to the institution’s **stability and resilience**. Early and structured implementation of regulatory requirements can create competitive advantages and strengthen the trust of customers and regulators. A BSK that is well protected against external shocks would, in particular, boost staff loyalty more than the forecast currently anticipates.

- **Political context/2026 House of Representatives election in Berlin**

A possible change of government after the 2026 House of Representatives election could lead to an overhaul of the Berlin government’s economic policy.

Risks:
In particular, government intervention in the property sector could have a negative impact on the property finance business and the value of collateral. This would have a particularly negative effect on the forecast financial indicators: profit transfer, return on equity, return on capital and cost-to-income ratio.

Opportunities:
At the same time, new funding schemes, investment in infrastructure or climate protection measures might create additional funding requirements, which could lead to new business opportunities. Additional customer business could, first and foremost, boost profit transfer, return on equity and return on capital beyond the figures stated in the forecast.

- **Summary**

All in all, BSK faces a **balanced risk-opportunities profile** over the forecast period. Even though some macroeconomic, political and regulatory uncertainties remain, the company's strong positioning in the region, the expansion of its business model and the ongoing development of digital and consultancy-intensive services open up substantial growth prospects. BSK will continuously review its strategic direction and adapt it to changing market conditions.

4. Overall statement

In the 2025 financial year, BSK successfully completed its sustainable transformation into "Sparkasse of the Capital of Germany". The focus of the strategic actions was on economic robustness and the concentration on the core business of savings banks. Other milestones included, amongst other things, the adoption of measures to simplify the organisational structure, the migration to standardised management systems used by the Sparkasse Finance Group, and the renaming of Landesbank Berlin AG to BSK 1818 AG.

BSK's earnings for the 2025 financial year were primarily generated from its core operating activities. Even under the noticeably challenging conditions of a rapidly changing environment for banks and savings banks, a sluggish economic outlook and significant geopolitical risks, BSK's business model has proved to be robust and sustainable.

Nevertheless, given the persistently difficult macroeconomic conditions, negative effects on the loan portfolios and the risk profile cannot be ruled out. BSK continues to take this into account by implementing measures aimed at the targeted expansion of its customer business and at increasing customer satisfaction, while at the same time maintaining strict

cost control and active risk management.

For the 2026 financial year, BSK still expects its liquidity position to remain sound and, consequently, to continue to be able to fully refinance its business volumes in the secured and unsecured money and capital markets. For the 2026 financial year, BSK is forecasting a profit before tax of €246 million, all of which will be transferred to BSKH.

Balance sheet of Berliner Sparkasse as of 31 December 2025

Assets in mn. €	Note Text no.		**31 December 2025**	**31 December 2024**
Cash reserve			**962**	**772**
a) Cash			366	366
b) Balances with central banks			596	406
of which: at Deutsche Bundesbank		596		(406)
Loans and advances to banks	1, 19		**5.357**	**5.409**
a) Mortgage loans			0	0
b) Municipal loans			4.309	4.175
c) Other receivables			1.048	1.234
of which:				
payable on demand		220		(474)
collaterised by securities		0		(0)
Loans and advances to customers	2, 19		**28.380**	**28.830**
a) Mortgage loans			12.473	12.581
b) Municipal loans			1.184	1.343
c) Other receivables			14.723	14.906
of which: collaterised by securities		37		(48)
Bonds and other fixed-income securities	3, 9, 19		**8.796**	**7.817**
a) Money market instruments			0	0
aa) from public issuers			0	0
of which: eligible as a collateral with Deutsche Bundesbank		0		(0)
ab) from other issuers			0	0
of which: eligible as a collateral with Deutsche Bundesbank		0		(0)
b) Bonds and debentures			8.796	7.817
ba) from public issuers			2.183	1.879
of which: eligible as a collateral with Deutsche Bundesbank		2.183		(1.879)
bb) from other issuers			6.613	5.938
of which: eligible as a collateral with Deutsche Bundesbank		6.412		(5.758)
c) Own bonds			0	0
Nominal amount		0		(0)
Shares and other variable-yield securities	4, 9		**235**	**232**
Equity interests	5, 9		**437**	**438**
of which:				
in banks		296		(301)
in financial service providers		40		(36)
in investment firms		0		(0)
Shares in affiliated companies	5, 9		**106**	**101**
of which:				
in banks		0		(0)
in financial service providers		0		(0)
in investment firms		0		(0)
Assets held in trust	18		**88**	**123**
of which: trust loans		88		(123)
Intangible assets	6		**29**	**38**
a) Self-created industrial property rights and similar rights and assets			0	0
b) Concessions, industrial property rights and				
similar rights and assets acquired for a consideration			29	38
c) Goodwill			0	0
d) Prepayments			0	0
Property, plant and equipment	6		**72**	**68**
Other assets	7		**290**	**290**
Prepaid expenses	8		**49**	**55**
a) from issuing and lending business			11	10
b) other			38	46
Total assets:			**44.801**	**44.173**

Liabilities in mn. €	Note Text no.		**31 December 2025**	**31 December 2024**
Liabilities owed to banks	10		**1.586**	**1.931**
a) Registered mortgage *pfandbriefe* issued			50	50
b) Registered public *pfandbriefe* issued			0	0
c) other liabilities			1.536	1.881
of which:				
payable on demand		404		(640)
to secure loans taken out towards the lender				
registered mortgage *pfandbriefe* handed out		0		(0)
and registered public *pfandbriefe* handed out		0		(0)
Liabilities owed to customers	11		**33.798**	**32.884**
a) registered mortgage *pfandbriefe* issued			432	457
b) registered public *pfandbriefe* issued			0	0
c) Savings deposits			3.006	3.327
ca) subject to an agreed withdrawal notice of three months			3.001	3.321
cb) subject to an agreed withdrawal notice of more than three months			5	6
d) Other liabilities			30.360	29.100
of which:				
payable on demand		27.930		(26.375)
to secure loans taken out towards the lender				
registered mortgage *pfandbriefe* handed out		0		(0)
and registered public *pfandbriefe* handed out		0		(0)
Securitised liabilities	12		**4.470**	**4.461**
a) Issued bonds			4.470	4.461
aa) mortgage *pfandbriefe*			3.282	3.232
ab) public *pfandbriefe*			256	301
ac) other bonds			932	928
b) other securitised liabilities			0	0
of which: money market instruments		0		(0)
Trust liabilities	18		**88**	**123**
of which: trust loans		88		(123)
Other liabilities	13		**860**	**837**
Deferred income	14		**43**	**50**
a) from issuing and lending business			21	24
b) other			22	26
Provisions	15		**572**	**592**
a) Provisions for old-age pensions and similar liabilities			231	212
b) Tax provisions			1	0
c) Other provisions			340	380
Subordinate liabilities	16		**359**	**370**
Fund for general banking risks			**999**	**899**
of which special items in accordance with Section 340e para. 4 of the German Commercial Code		7		(7)
Equity	17		**2.026**	**2.026**
a) Called-up capital			1.200	1.200
Subscribed capital				
aa) share capital			1.200	1.200
ab) silent contribution			0	0
net of uncalled outstanding contributions			0	0
b) Capital reserve			785	785
c) Retained earnings			41	41
ca) legal reserve			0	0
cb) reserve for shares in a controlling or majority-owned company			0	0
cc) statutory reserves			0	0
cd) other retained earnings			41	41
d) Net profit/loss			0	0
Total liabilities:			**44.801**	**44.173**

Income Statement of Berliner Sparkasse
1 January - 31 December 2025

in mn. €	Note Text no.	31.12.2025	31.12.2024
Interest income from	20	**1.231**	**1.583**
a) loan and money market transactions		1.010	1.291
b) fixed-income securities and book-entry securities		221	292
Interest expenses	16, 20	**311**	**512**
Current income from	20	**34**	**31**
a) shares and other variable-yield securities		6	7
b) equity interests		28	16
c) shares in affiliated companies		0	8
Profits transferred due to a profit pool, a profit and loss transfer agreement or a partial profit and loss transfer agreement	20	**2**	**1**
Net commission income	21	**356**	**398**
Commission expenses	21	**25**	**59**
Other operating income	23	**75**	**60**
General administrative expenses	22	**702**	**826**
a) Personnel expenses			
aa) Wages and salaries		264	260
ab) Social security contributions and expenses for		67	61
old-age pensions and benefits			
of which: for old-age pensions	19		(17)
b) Other administrative expenses		371	505
Write-downs of and allowances on intangible assets and property, plant and equipment	6	**19**	**24**
Other operating expenses	23	**84**	**57**
of which: accumulation of non-bank specific provisions	6		(5)
Write-downs of and allowances on receivables and certain securities as well as increases of provisions in lending business	24	**182**	**140**
Income from write-ups on equity interests, shares in affiliated companies and securities treated as fixed assets	5, 9	**16**	**112**
Profit from ordinary business activities		**391**	**567**
Allocations to the fund for general banking risks		**100**	**200**
Other taxes, unless reported under "Other operating expenses"		**-2**	**-1**
Profits transferred due to a profit pool, a profit and loss transfer agreement or a partial profit and loss transfer agreement		**293**	**368**
Net profit/loss for the year		**0**	**0**
income from capital reduction		0	135
Asset reduction due to spin-off		0	135
Net profit/loss for the year		**0**	**0**

Notes to the annual financial statements of BSK 1818 AG for the 2025 financial year

BSK 1818 AG, Berlin, (BSK) is an unlisted credit institution. It is a subsidiary of BSK 1818 Holding AG, Berlin, (BSKH) and included in the consolidated financial statements of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG, Neuhardenberg (Erwerbsgesellschaft) (smallest and largest consolidated group within the meaning of section 285(14) and (14a) of the German Commercial Code [HGB]).

The consolidated financial statements of Erwerbsgesellschaft are published in the electronic register of companies.

The registered office of BSK is in Berlin. The company is registered with the Berlin-Charlottenburg local court under HRB 99726 B. The company's name was changed from Landesbank Berlin AG to BSK 1818 AG upon entry of the amendment to the Articles of Association in the commercial register on 15 July 2025.

All business operations of BSK are shown in those of Berliner Sparkasse regardless of the market appearance. Berliner Sparkasse is a public law institution with limited legal capacity. It is managed as a branch of BSK 1818 AG, a stock company.

Information on accounting and valuation methods

BSK's annual financial statements were prepared in accordance with generally accepted accounting principles subject to the accounting principles of the German Commercial Code (hereinafter HGB) for large corporations and the German Stock Corporation Act, supplemented by the requirements under the Regulation on the Accounting of Credit Institutions (RechKredV). In addition, the provisions in the Articles of Association were taken into account.

The same accounting and valuation methods were applied as in the previous year.

The annual financial statements were prepared on the basis of a going concern concept in accordance with section 25(1)(2) HGB.

Assets, liabilities and pending transactions were valued in line with the provisions of sections 252 et seqq. HGB in conjunction with sections 340 et seqq. HGB. Assets which, in accordance with section 340e(1), first sentence, HGB, are valued in line with the provisions applicable to fixed assets and whose useful life is limited are subject to scheduled depreciation and amortisation.

Receivables and liabilities

In principle, receivables are posted at their nominal amount, and liabilities at their settlement amount. Liabilities issued at fair value are recorded at their compounded value. Premiums and discounts on receivables and liabilities are recorded as prepaid expenses and deferred income, and systematically reversed in profit or loss.

Clear risks in the lending business are adequately addressed by the formation of specific valuation allowances. General valuation allowances are made for latent risks in the lending business in accordance with the standard IDW RS BFA 7. Risks from contingent liabilities and loan commitments are taken into account through provisions. Intra-group receivables are not included in the calculation of general valuation allowances. Irrecoverable interest is not recognised.

General valuation allowances are deducted from the asset items “Loans and advances to banks” and “Loans and advances to customers”. Provisions for off-balance-sheet transactions, which also include revocable loan commitments, are recorded as liabilities and are deducted accordingly from contingent liabilities and other obligations. General valuation allowances are calculated on the basis of expected losses. This means that rating premiums are not taken into account and the expected loss is estimated over a 12-month period of review (simplified evaluation). If the counterparty default risk has increased significantly over time, the observation period for the relevant loan portfolio is extended to the entire term of the transactions. The expected loss is calculated using a model which, in order to take account of latent credit risk, uses the following parameters: probability of default, loss ratio, secured recovery rate (expected proceeds from the utilisation of any collateral), and unsecured recovery rate (expected cash inflow from available assets/liquidity) as well as credit conversion factors according to risk management.

In addition, BSK formed contingency reserves in accordance with section 340f HGB.

If BSK, as a transferor, sells assets whilst simultaneously agreeing to their repurchase, such assets remain on the balance sheet. Any consideration received is recorded under liabilities.

Financial investments

Financial investments are carried at amortised cost.

In the event of a foreseeable permanent impairment, depreciation is taken (mitigated lower of cost or market principle, section 253(3) HGB). By way of exception, units in investment funds are valued in the same way as securities held in the liquidity reserve.

Securities in the liquidity reserve

Securities held in the liquidity reserve are recorded at the valuation date at their original acquisition cost or the lower of the stock exchange price or market price (strict lower of cost or market principle, section 253(4) HGB). If the stock exchange price or market price has increased since the previous balance sheet date, a write-up is carried out up to a maximum of the original acquisition cost (requirement to reinstate original values, section 253(5) HGB).

Credit derivatives

BSK holds positions in credit default swaps, which are recorded in the balance sheet in accordance with the standard IDW RS BFA 1.

For items where BSK acts as a collateral provider, the rules governing any credit collateral provided apply. If, on the reporting date, there is a serious likelihood that the relevant credit event will occur, a provision is created for the amount necessary to meet the obligation, as determined according to sound commercial judgement.

Collateral taker positions are treated according to the imparity principle developed for pending business transactions.

Market assessment

If market values are available for securities, they are used as fair values.

The fair values of securities are based on prices as at the reporting date provided by the market data provider LSEG Data & Analytics, which acts as the central market data provider for Sparkasse Finance Group (Sparkassen-Finanzgruppe) via Finanz Informatik GmbH & Co. KG. The prices provided by LSEG Data & Analytics are subject to LSEG's internal LSEG quality assurance procedures.

Derivatives are generally valued on the basis of stock market prices. If no stock market prices are available, the market value is calculated using financial valuation methods customary in the industry, such as discounted cash flow and option pricing models, with market data as at the reporting date being used to parameterise the valuation methods. Given the current market conditions, Black's model is applied to establish the time value of interest options. Moreover, credit derivatives are valued using the hazard rate model. The valuation methods used were subject to internal validation.

Control of the interest margin on all transactions allocated to the banking book is carried out on a holistic basis. As part of the loss-free valuation of the banking book in accordance with the standard IDW RS BFA 3, the book values of the allocated financial instruments are compared with their present values. When calculating refinancing costs, an individual refinancing premium was included for mismatched amounts and maturities in the banking book that will lead to a future refinancing requirement (asset surpluses). Income from fees and commissions arising directly from banking book transactions are also included. After taking into account refinancing, risk, and administrative costs, no excess liability was identified. Accordingly, no provision was created.

Valuation units

Economic hedging relationships, provided they are not part of the bank's overall risk management and thus are taken into account in the loss-free evaluation of the banking book in accordance with the standard IDW RS BFA 3, are reported as a single valuation unit in accordance with section 254 HGB.

Underlying transactions directly related to a hedging derivative that matches the underlying transaction in terms of amounts, currencies and maturities, and which are thus hedged against interest rate and/or currency risks are viewed as a single valuation unit. Valuation units are formed solely at the micro-level which means that changes in value arising from the hedged risk of the underlying transaction are matched by individual hedging instruments. To demonstrate the offsetting of the opposite changes in value from the underlying transaction and the hedging transaction, BSK applies the critical terms match method for all valuation units. This method is used to document the fact that the key parameters of the underlying transaction and the hedging transaction are consistent. Against this background, it is assumed that the changes in value between the underlying transaction and the hedging transaction, from the start of the documented formation of the valuation unit until the maturity of the transactions, will almost fully offset one another in relation to the hedged risk. No valuation units are created that include transactions which are highly likely to occur.

The effective part of a valuation unit is recorded in the balance sheet according to the net hedge presentation method. Any ineffectiveness arising from the hedged risk is accounted for through provisions for impending losses. Valuation results relating to the unhedged risk are reported on a gross basis (without offsetting) in accordance with general accounting principles, while taking into account the imparity principle for individual valuation.

Intangible assets and property, plant and equipment

Property, plant and equipment and intangible assets are valued at acquisition or manufacturing cost, less depreciation – in the case of depreciable assets – calculated on a scheduled, predominantly straight-line basis in accordance with their ordinary useful life, subject to the maximum amounts permitted for tax purposes. In the event of an expected permanent impairment, unscheduled write-downs are recognised.

The manufacturing costs of self-created software include development expenditure, provided that it can be reliably allocated to the relevant capitalised asset, meets the recognition criteria set out in section 255 HGB and has not been recognised as an expense in any previous financial statements.

Intangible assets / Property, plant and equipment	**Useful life**
Buildings	33 - 50 years
Tenant's fixtures	15 - 33 years
Operating equipment	5 - 20 years
Furnishings	8 - 13 years
Telephone/security systems	8 - 11 years
Hardware/self-service devices	3 - 8 years
Vehicles	6 years
Software	3 - 5 years

Low-value assets with net acquisition costs of between €60.00 and €800.00 are written off in full in the year of purchase and treated as disposals in the statement of changes in fixed assets. Assets with a net value of between €800.01 and a maximum gross value of €2,000.00 are capitalised as collective assets which are written off over a period of between 3 and 13 years, depending on the asset category.

Provisions

In the 2021 financial year, BSK transferred parts of its pension liabilities to a non-insurance-based pension fund. The liabilities for active employees were transferred as at 31 December 2020, and those for former employees and pensioners as at 31 October 2021.

The pension liabilities transferred to the pension fund are indirect retirement pension liabilities for which there is an option to recognise such liabilities according to Article 28(1), 1 second sentence, of the Introductory Act to the German Civil Code (hereinafter EGHGB). This option was used in such a way that no provision was made for indirect pension liabilities in accordance with Article 28(1), second sentence, EGHGB.

The pension provisions for the remaining pension liabilities are calculated by external actuarial experts using the projected unit credit method (PUC) or the present value method of the accrued benefits. They are discounted in accordance with section 253(2), first sentence, HGB using the average market rate from the past ten financial years, assuming a residual term of 15 years. For this purpose, an interest rate of 2.06% (previous year: 1.90%) is applied. The following developments are assumed for wage and salary increases:

Year	Development	Previous year's development
2025	-	1.0% to 3.15% p.a.
2026	1.0% to 3.20% p.a.	1.0% to 3.05% p.a.
As of 2027	1.0% to 3.00% p.a.	1.0% to 2.85% p.a.

Depending on the pension scheme, the following pension trend was assumed for the various years:

Year	Pension trend	Previous year's pension trend
2025	-	1.0% to 3.6% p.a.
2026	1.0% to 2.8% p.a.	1.0% to 2.7% p.a.
As of 2027	1.0% to 2.5% p.a.	1.0% to 2.5% p.a.

This calculation was based on biometric data for pensions (Prof. Heubeck's tables, 2018 G, IGSS mortality tables).

Whereas in previous years the company had based its calculations on the earliest possible retirement age (RVAGAnpG), as of the current reporting date, it has raised the valuation age limit to 64 years. For partial retirement and early retirement obligations that have already been finalised, however, the end of the contract will continue to serve as the reference point.

The remaining provisions are valued at the settlement amount deemed necessary in accordance with sound commercial practice. Provisions with a residual term of more than one year are discounted in accordance with section 253(2) HGB. Gains from changes to the discount rate or interest effects from a revised estimation of the residual term are reported in the same income statement line item as the addition or reversal.

Estimations and assumptions are made to assess the restructuring provisions. The estimates and assumptions reflect experience from the past years (such as average rental periods, costs of maintenance contracts) and the expected market trends.

Currency conversion

The annual financial statements are prepared in euro.

Assets and liabilities denominated in foreign currencies, as well as pending transactions, are converted at the reference rates published by the European Central Bank at the end of the year. Forward rates are derived from this.

If assets, liabilities or forward contracts are specifically covered by assets, liabilities or other forward contracts in the same currency, they are recognised under P&L in accordance with section 340h HGB in conjunction with section 256a HGB. Income from currency conversion is reported in full under other operating income.

Minimum taxation in accordance with the Minimum Tax Act

BSK is included in the consolidated financial statements of Erwerbsgesellschaft. Since the Erwerbsgesellschaft group reports consolidated sales of more than €750 million, it is subject to the regulations relating to the so-called global minimum taxation, as implemented in Germany by the so-called Minimum Tax Act. The group parent of the minimum tax group is Erwerbsgesellschaft, which also makes use of the safe harbour rule for 2025, meaning that no minimum tax is payable.

Supplementary report

There have been no transactions of particular significance that occurred after the end of the financial year and that would have required a distinctly different presentation of the company’s assets, financial position and earnings.

Explanatory notes on the balance sheet and on the income statement

Balance sheet

Assets

(1) Loans and advances to banks

in mn. €	31 Dec. 2025	31 Dec. 2024
Maturity breakdown (residual term)		
up to three months	4,654	4,626
more than three months up to one year	278	125
more than one year up to five years	251	478
more than five years	174	180
Total	**5,357**	**5,409**
This balance sheet item includes:		
Loans and advances to affiliated companies	0	0
Loans and advances to companies in which the company holds an equity interest	625	695
Subordinated loans and advances	172	172
Items aimed at covering issued bonds and registered *pfandbriefe*	0	0

Loans and advances to companies in which the bank holds an equity interest include loans and advances to S-Kreditpartner GmbH amounting to €601.1 million (previous year: €691.3 million). Loans and advances to S-Kreditpartner GmbH include subordinated loans and advances amounting to €168.2 million (previous year: €168.2 million).

(2) Loans and advances to customers

in mn. €	31 Dec. 2025	31 Dec. 2024
Maturity breakdown (residual term)		
up to three months	2,418	2,656
more than three months up to one year	2,347	2,531
more than one year up to five years	6,761	6,330
more than five years	16,854	17,313
of which with an indefinite term	(1,035)	(1,364)
Total	**28,380**	**28,830**
This balance sheet item includes:		
Loans and advances to affiliated companies	27	32
Loans and advances to companies in which the bank holds an equity interest	207	182
Subordinated loans and advances	0	0
Items aimed at covering issued bonds and registered *pfandbriefe*	8,125	7,694

(3) Bonds and other fixed-income securities

in mn. €	31 Dec. 2025	31 Dec. 2024
of securities included in this balance sheet item are:		
marketable	8,692	7,817
listed	8,316	7,475
unlisted	376	342
of which due in the following year	759	906
items aimed at covering issued bonds and registered *pfandbriefe*	585	619

Write-downs to fair value in accordance with section 253(3), fifth sentence, HGB were not recognised for long-term securities to the following extent, because the impairment is not viewed as permanent:

	Book value	Fair value	Accumulated write-downs not recognised	
in mn. €	31 Dec. 2025			31 Dec. 2024
Bonds	303	303	0	3
Total	**303**	**303**	**0**	**3**

BSK has the intention and ability to hold temporarily impaired long-term securities until their final maturity. These positions are subject to an ongoing standardised monitoring procedure. BSK views impairment losses on bonds as non-permanent if they are solely attributable to fluctuations in value caused by interest rates, liquidity or credit spreads. Since the impairment losses reported here are not attributable to a material deterioration in the issuers' creditworthiness and there are no doubts as to their ability to service interest payments and repayments without disruption in the future, no permanent impairment was deemed to exist as at the balance sheet date.

(4) Shares and other variable-yield securities

in mn. €	31 Dec. 2025	31 Dec. 2024
of securities included in this balance sheet item are:		
marketable	42	41
listed	0	0
unlisted	42	41

The following shares in domestic investment funds or comparable international investment funds exceeded a proportion of 10%:

31 Dec. 2025 in mn. €	Book value	Fair value	Difference	Distribution	Depreciation not undertaken
Bond fund	235	240	5	6	0

There are no restrictions regarding the option for the daily return.

(5) Equity interests and shares in affiliated companies

in mn. €	31 Dec. 2025	31 Dec. 2024
the balance sheet item "Equity interests" includes:		
marketable	7	7
listed	0	0
unlisted	7	7
the balance sheet item "Shares in affiliated companies" includes:		
marketable	0	0
listed	0	0
unlisted	0	0

List of shareholdings in accordance with sections 285(11) and 340a(4)(2) HGB, including the information required under section 285(11a) HGB

As at 31 December 2025

Cons. no.	Name/location	Equity share in %	dev. voting rights in %	Equity in k€	Profit/loss in k€
Affiliated companies					
1.	BSK Immobilien GmbH, Berlin [1) 4)]	100.00		**103**	**0**
2.	Gerhard Rohde Immobilien Verwaltungs KG - Geschäftshaus Brandenburgische Straße Immobilienfonds, Berlin [2) 3) 4)]	10.77	10.72	**2,156**	**861**
3.	Josef Meyer Immobilien Verwaltungs KG - Alexanderhaus Immobilien-Fonds, Berlin [3) 4)]	99.97	99.95	**-22,387**	**4,963**
4.	LBB Portfolio-Transfer Management GmbH i.L., Berlin [4)]	100.00		**16**	**-9**
5.	Prinzregentenstraße 25 Immobilien Verwaltungs KG - Verwaltungsgebäude Landesbank Berlin Immobilienfonds, Berlin [2) 3) 4)]	50.60	50.52	**3,454**	**2,112**
6.	S-Servicepartner Berlin GmbH, Berlin [1) 4)]	70.00		**2,100**	**0**
7.	S-Versicherungspartner GmbH, Berlin [1) 4)]	100.00		**271**	**0**
Other companies					
8.	BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH, Berlin [4)]	24.03		**13,915**	**226**
9.	BÜRGSCHAFTSBANK BRANDENBURG GmbH, Potsdam [4)]	0.76		**44,573**	**3,910**
10.	Deka Anteilseigner GmbH, Neuhardenberg [4)]	3.00		**89**	**7**
11.	Deka Erwerbsgesellschaft mbH & Co. KG, Neuhardenberg [4)]	3.13		**1,859,287**	**153,733**
12.	Deutsche Factoring Bank GmbH & Co. KG, Bremen [4)]	12.00		**318,332**	**12,616**
13.	Deutsche Factoring GmbH, Bremen [4)]	12.00		**181**	**12**
14.	Deutscher Sparkassen- und Giroverband öK, Berlin [4)]	3.79		**1,025,091**	**103,149**
15.	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung, Stuttgart [4)]	2.70		**293,382**	**41,638**
16.	Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v.d. Höhe [5)]	3.86		**730,393**	**60,305**
17.	EURO Kartensysteme GmbH, Frankfurt am Main [4)]	2.17		**13,219**	**301**
18.	Finanz Informatik GmbH & Co. KG, Frankfurt am Main [4)]	7.85	7.80	**86,548**	**2,806**
19.	Finanz Informatik Verwaltungsgesellschaft mbH, Frankfurt am Main [4)]	6.00		**105**	**0**
20.	LBS Landesbausparkasse NordWest, Münster and Hannover [4)]	3.94		**1,179,560**	**29,000**
21.	Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg GmbH, Potsdam [4)]	15.56		**28,764**	**968**
22.	Partner für Berlin Holding Gesellschaft für Hauptstadt-Marketing mbH, Berlin [4)]	4.12		**2,308**	**-4**
23.	RSU GmbH & Co. KG, Munich [4)]	14.20		**12,237**	**1,376**
24.	S Auslagerungsmanagement GmbH, Potsdam [4)]	2.54		**2,050**	**-193**
25.	S CountryDesk GmbH, Cologne [4)]	2.50	2.94	**1,196**	**229**
26.	S-Kreditpartner GmbH, Berlin [4)]	40.00		**876,509**	**80,818**
27.	S Rating und Risikosysteme GmbH, Berlin [4)]	2.56		**7,650**	**1,108**
28.	S-Servicepartner Deutschland GmbH, Berlin [4)]	45.00		**8,903**	**1,135**
29.	Visa Inc., San Francisco [6) 7)]	0.00	0.00	**32,262,979**	**17,070,638**

Cons. no.	Name/location	Equity share in %	dev. voting rights in %	Equity in k€	Profit/loss in k€
Equity interests in large corporations (section 285(11b) in conjunction with section 340a(4)(2) HGB)					
30.	SCHUFA Holding AG, Wiesbaden [4]	5.39		**164,900**	**54,826**

[1] The company has a profit and loss transfer and/or domination agreement.

[2] The Group holds further shares in the company, which is why it is reported as an affiliated company in accordance with section 271(2) HGB.

[3] Subsidiaries, but with no controlling interest despite holding a majority of share capital and voting rights, due to deviating provision in the Articles of Association regarding higher majority requirements and/or statutory restrictions on the exercise of voting rights

[4] Data as at 31 December 2024 are available.

[5] Data as at 30 September 2024 are available.

[6] Data as at 30 September 2025 are available.

[7] Exchange rate as at 31 December 2025: 1 EUR = 1.1750 USD

(6) Intangible assets and property, plant and equipment

Intangible assets

in mn. €	Industrial property rights and similar rights and assets created by the bank itself	Concessions, industrial property rights and similar rights and assets acquired against payment as well as licences to such rights and assets	Assets under construction	Advance payments made	**Total intangible assets**
Book value as at 31 Dec. 2024	**0**	**21**	**17**	**0**	**38**
Acquisition/production costs as at 31 Dec. 2024	31	69	17	0	117
Additions 2025	0	1	0	0	1
of which capitalised interest on borrowings	0	0	0	0	0
Outflows 2025	0	16	0	0	16
Transfers 2025	0	17	-17	0	0
Effects of exchange rate fluctuations	0	0	0	0	0
Acquisition/production costs as at 31 Dec. 2025	31	71	0	0	102
Accumulated depreciation as at 31 Dec. 2024	31	48	0	0	79
Depreciation 2025 [1]	0	10	0	0	10
Write-ups 2025	0	0	0	0	0
Change in total depreciation related to additions	0	0	0	0	0
Change in total depreciation related to outflows	0	16	0	0	16
Change in total depreciation related to transfers	0	0	0	0	0
Accumulated depreciation as at 31 Dec. 2025	31	42	0	0	73
Book value as at 31 Dec. 2025	**0**	**29**	**0**	**0**	**29**

[1] During the current year, depreciations and amortisations amounting to €0.0 million (previous year: €0.0 million) were recognised in accordance with section 253(3), fifth sentence, HGB

Research and development costs for software in the financial year amounted to €0.7 million (previous year: €1.1 million). Development costs are capitalised exclusively as purchased intangible assets.

Property, plant and equipment

in mn. €	Land and buildings	Plant and machinery	Operating and business equipment	Assets under construction	Total property, plant & equipment
Book value as at 31 Dec 2024 [2]	**22**	**1**	**41**	**4**	**68**
Acquisition/production costs as at 31 Dec. 2024	26	3	171	4	204
Additions 2025	0	1	12	1	14
of which capitalised interest on borrowings	0	0	0	0	0
Outflows 2025	0	0	24	0	24
Transfers 2025	0	0	4	-4	0
Effects of exchange rate fluctuations	0	0	0	0	0
Acquisition/production costs as at 31 Dec. 2025	26	4	163	1	194
Accumulated depreciation as at 31 Dec. 2024	4	2	130	0	136
Depreciation 2025 [1]	0	0	9	0	9
Write-ups 2025	0	0	0	0	0
Change in total depreciation related to additions	0	0	0	0	0
Change in total depreciation related to outflows	0	0	23	0	23
Change in total depreciation related to transfers	0	0	0	0	0
Accumulated depreciation as at 31 Dec. 2025	4	2	116	0	122
Book value as at 31 Dec. 2025 [2]	**22**	**2**	**47**	**1**	**72**

[1] During the current year, write-downs amounting to €0.0 million (previous year: €0.0 million) were recognised in accordance with section 253(3), fifth sentence, HGB.

[2] Includes €0.0 million (previous year: €0.1 million) for land and buildings not used by the bank in the course of its own business.

(7) Other assets

in mn. €	31 Dec. 2025	31 Dec. 2024
Receivables deriving from collateral	195	186
Receivables deriving from options, futures and swaps	71	72
Trade receivables	6	8
Other	18	24
Total	**290**	**290**

(8) Deferred expenses

in mn. €	31 Dec. 2025	31 Dec. 2024
This balance sheet item includes:		
Difference between nominal amount and disbursement amount of receivables	2	3
Difference between nominal amount and disbursement amount of securities	2	5
Difference between nominal amount and repayment amount of liabilities	8	7

Information regarding multiple asset items

(9) Development of investment in financial assets

in mn. €	Bonds and other fixed-income securities	Shares and other variable-yield securities	Equity interests	Shares in affiliated companies
Book value as at 31 Dec. 2024 [1]	**1.995**	**232**	**438**	**101**
Acquisition/production costs as at 31 Dec. 2024 [1]	1.996	249	439	107
Additions 2025	1.249	0	4	2
Outflows 2025	348	0	5	0
Transfers 2025	0	0	0	0
Effects of exchange rate fluctuations	0	0	0	0
Acquisition/production costs as at 31 Dec. 2025 [1]	2.897	249	438	109
Accumulated depreciation as at 31 Dec. 2024	1	18	1	6
Depreciation 2025	0	0	0	0
Write-ups 2025	0	4	0	3
Change in total depreciation related to additions	0	0	0	0
Change in total depreciation related to outflows	0	0	0	0
Change in total depreciation related to transfers	0	0	0	0
Accumulated depreciation as at 31 Dec. 2025		14	1	3
Book value as at 31 Dec. 2025 [1]	**2.896**	**235**	**437**	**106**

[1] This does not include pro rata interest, which amounted to €36.4 million in 2025 (previous year: €21.3 million).

Liabilities

(10) Liabilities owed to banks

in mn. €	31 Dec. 2025	31 Dec. 2024
Maturity breakdown (residual term)		
up to three months	432	671
more than three months up to one year	79	113
more than one year up to five years	410	428
more than five years	665	719
Total	**1,586**	**1,931**
This balance sheet item includes:		
Liabilities owed to affiliated companies	0	0
Liabilities owed to companies in which the bank holds an equity interest	84	347

(11) Liabilities owed to customers

in mn. €	31 Dec. 2025	31 Dec. 2024
Maturity breakdown (residual term) for savings deposits with an agreed period of notice of more than 3 months		
up to three months	1	1
more than three months up to one year	2	3
more than one year up to five years	2	2
more than five years	0	0
Total	**5**	**6**
Maturity breakdown (residual term) for liabilities owed to customers without savings deposits		
up to three months	29,114	27,841
more than three months up to one year	1,057	960
more than one year up to five years	246	335
more than five years	375	421
Total	**30,792**	**29,557**
This balance sheet item includes:		
Liabilities owed to affiliated companies	258	174
Liabilities owed to companies in which the bank holds an equity interest	27	25

(12) Securitised liabilities

in mn. €	31 Dec. 2025	31 Dec. 2024
This balance sheet item includes:		
Liabilities owed to affiliated companies	0	0
Issued bonds maturing in the following year	1.114	553

(13) Other liabilities

in mn. €	31 Dec. 2025	31 Dec. 2024
Liabilities owed under profit-transfer agreement with LBBH	293	368
Liabilities owed under collateral	425	337
Liabilities owed under options, futures and swaps	95	85
Liabilities owed to tax authorities	10	14
Trade payables	2	4
Other	35	29
Total	**860**	**837**

(14) Deferred income

in mn. €	31 Dec. 2025	31 Dec. 2024
This balance sheet item includes:		
Difference between nominal amount and disbursement amount of receivables	4	5

(15) Provisions

Development of pension provisions:

in mn. €	31 Dec. 2024	Used	Reversed	Transferred [1)]	Contributed	Compounded/ discounted	31 Dec. 2025
Provisions for old-age pensions and similar liabilities	212	5	0	2	18	4	231
Total	**212**	**5**	**0**	**2**	**18**	**4**	**231**

[1)] The column “Transferred” contains changes in provisions not recognised in profit or loss.

In 2021, BSK outsourced parts of its pension liabilities to a non-insurance type pension fund. BSK remains subsidiarily responsible for these obligations in accordance with section 1(1), third sentence, of the German Occupational Pensions Act (BetrAVG).

When the method of implementation was changed, the pension fund was fully funded with regard to the required settlement amount of the relevant pension obligations in accordance with section 340a(1) in conjunction with section 253(1), second sentence, and (2) HGB. The required amount to settle the transferred pension liabilities was covered by the assets available in the pension fund.

To determine any potential shortfall of the pension fund that must be disclosed under Article. 28(2) EGHGB, the value of the provisions for the relevant pension obligations under commercial law (the required settlement amount pursuant to section 340a(1) in conjunction with section 253(1), second sentence, (2) HGB) is compared with the fair value of the pension fund's assets. As at the balance sheet date, the pension fund had a shortfall of €14.0 million (previous year: €102.8 million), for which no provision was made in accordance with Article 28(1), second sentence, EGHGB.

Discounting the pension provisioning using the average market interest rate of the past ten financial years results in a difference of €-6.8 million compared with discounting them using the average market interest rate for the past seven financial years (previous year: €-2.4 million). For the current year, the result is a negative figure, because as at 31 December 2025, the average interest rate over the past ten years is below the average of the last seven years.

Changes in tax provisions and other provisions:

in mn. €	31 Dec. 2024	Used	Reversed	Transferred [1]	Contributed	Compounded/ discounted	31 Dec. 2025
Tax provisions	**0**	**0**	**0**	**0**	**1**	**0**	**1**
Human resources	88	44	1	10	25	1	79
Trade receivables	51	33	17	-1	38	0	38
Restructuring	32	14	3	0	0	1	16
Lending business	16	0	1	0	18	0	33
Other	193	10	29	-1	21	0	174
Total other provisions	**380**	**101**	**51**	**8**	**102**	**2**	**340**

[1] The column "Transferred" contains changes in provisions not recognised in profit or loss.

Restructuring provisions include provisions for rented property that is no longer used by the bank, comprising rental income differences for subletting and vacant properties of €11.2 million (previous year: €25.3 million) and the modification/reinstatement obligations upon expiry of tenancy or subletting agreements amounting to €4.0 million (previous year: €3.7 million) and the removal of IT equipment amounting to €1.2 million (previous year: €3.2 million).

Other provisions include further provisions regarding customer business of €48.8 million (previous year: €63.3 million). This also includes provisions for payment commitments for the institution-related protection scheme of Sparkasse Finance Group of €68.1 million (previous year: €63.2 million); provisions relating to proprietary trading amounting to €11.4 million (previous year: €22.9 million); provisions relating to the discontinuation of third-party card operations amounting to €16.0 million (previous year: €16.6 million) as well as for reinstatement obligations amounting to €11.1 million (previous year: €9.8 million).

Other provisions relating to human resources include, amongst other things, provisions for partial retirement agreements amounting to €21.9 million (previous year: €26.6 million) and for early retirement agreements amounting to €24.0 million (previous year: €26.4 million). To secure the provisions for the shortfall in contribution payments under partial retirement agreements in accordance with section 8a(1), first sentence of the German law governing partial retirement (ATG), the bank has posted a compensatory balance (as at 31 December 2025: €27.1 million (previous year: €39.0 million)). The assets serve exclusively to meet the obligations under partial retirement agreements and are exempt from the claims of other creditors up to the amount of the credit balance secured. During the financial year, they were offset against the underlying obligations in accordance with section 246(2), second sentence, HGB as follows:

in mn. €	31 Dec. 2025	31 Dec. 2024
Provisions not offset: Settlement amount from partial retirement agreements (including employer's social security contributions, future salary increases and salary entitlements for up to 6 weeks of illness)	34	42
less fund assets	27	39
Provisions offset	**7**	**3**

(16) Subordinated liabilities

Early repayment of the subordinated liabilities at the creditors' request is not required. In the event of liquidation, they may only be repaid once all non-subordinated creditors have been satisfied.

Subordinated liabilities are due for repayment by the end of 2039 (of which €0.0 million is due in 2026). The original terms range between 10 and 30 years.

As in the previous year, no subordinated liabilities were owed to affiliates or portfolio companies.

Interest expense on subordinated liabilities amounts to €8.2 million (previous year: €9.7 million), taking into account the income from swap transactions of €2.8 million (previous year: €1.8 million).

The criteria for being classified as equity in accordance with regulatory requirements are met for a portfolio amounting to €216.6 million (previous year: €260.0 million).

The following subordinated liabilities exceed 10% of the total amount:

31 Dec. 2025 Cons. no.	Nominal amounts in mn. currency		Nominal amounts in mn. €	Interest rate in %	Maturity
(1)	EUR	200	200	1.7500	1 Oct 2029
(2)	JPY	15,000	81	5.1500	30 Apr 2027

(17) Equity

The share capital, in accordance with Art. 3 of BSK's Articles of Association, amounts to €1,200.0 million as at 31 December 2025 and is divided into 1,200,000,000 no-par value shares. In addition, there is a capital reserve of €785.1 million (previous year: €785.1 million) and retained earnings of €41.2 million (previous year: €41.2 million).

The retained earnings are subject to a distribution restriction equal to the residual carrying amount of the capitalised, internally generated intangible assets, amounting to €0.2 million (previous year: €0.3 million).

Other information concerning the balance sheet

(18) Trust assets and trust liabilities

The trust business reported comprises loans and advances to customers amounting to €87.8 million (previous year: €122.6 million) as well as liabilities owed to banks of €87.8 million (previous year: €118.4 million) and liabilities owed to customers amounting to €0.0 million (previous year: €4.2 million).

(19) Assets transferred as collateral

Nominal value in mn. €	31 Dec. 2025	31 Dec. 2024
Pledged with the ESCB		
Bonds and debentures	5,505	3,800
Loan receivables	1,165	1,376
Account balance	68	63
Deposited with Eurex		
Bonds and debentures	27	72
Provision of collateral with domestic banks in connection with the settlement of derivative transactions		
Bonds and debentures	33	33
Total	**6,798**	**5,344**

Of the assets transferred as collateral, totalling €6,798.3 million (previous year: €5,343.9 million), the sum of €6,669.8 million (previous year: €5,175.6 million) serves to secure a credit line from the European System of Central Banks (ESCB) which BSK is authorised to draw upon.

Income statement

(20) Net interest income

in mn. €	2025	2024
Interest income	**1,231**	**1,583**
from loan and money market transactions	1,010	1,291
from fixed-income securities and book-entry securities	221	292
Current income	**34**	**31**
from shares and other variable-yield securities	6	7
from equity interests	28	16
from affiliated companies	0	8
Income from profit pools	**2**	**2**
Interest expenses	**311**	**512**
for savings deposits	209	415
for securitised liabilities	94	88
for subordinated liabilities	8	9
Total	**956**	**1.104**

Net interest income includes non-periodic interest expenses amounting to €0.1 million (previous year: €0.0 million). Non-periodic income from interest amounts to €0.0 million (previous year: €0.0 million).

(21) Net commission income

in mn. €	2025	2024
Securities and underwriting business	**61**	**56**
Payment transactions/account management	**173**	**171**
Lending business	**33**	**36**
Lending business	23	24
Guarantee commissions	6	7
International business	4	5
Card business	**41**	**56**
Other services	**23**	**20**
Total	**331**	**339**

Key services provided to third parties in the areas of administration and brokering were the brokerage of products from affiliated partners (loans, insurance, asset management and building loans contracts).

Net commission income includes non-periodic income of €0.0 million (previous year: €3.4 million).

(22) Other administrative expenses

in mn. €	2025	2024
Third-party services [1)]	140	193
IT costs	94	104
Business premises	80	88
Other material expenses	33	97
Advertising expenses	19	17
Operating and business equipment	5	6
Bank levy expenses	0	0
Total	**371**	**505**

[1)] This includes €41.0 million (previous year: €45.4 million) due to group transfer pricing

Costs for third-party services were primarily reduced in consultancy costs (€20.5 million; previous year: €37.6 million), costs in the cards business (€32.6 million; previous year: €51.3 million) and costs for other third-party services (€38.1 million; previous year: €47.6 million).

Expenses under “Other material expenses” were higher in 2024, mainly due to the additional provision for payment claims arising from payment commitments (2025: €5.0 million (previous year: €63.2 million)).

The total fee charged by the auditor is included in the item on third-party services and breaks down as follows:

in mn. €	2025	2024
Auditor’s fee		
for auditing services relating to annual financial statements	2	2
for other certification services	1	1
for tax consultancy services	0	0
for other services	0	0
Total	**3**	**3**

KPMG AG audited the annual financial statements of BSK as at 31 December 2025 and also carried out various statutory audits of the annual financial statements of its subsidiaries. In addition, an audit of the Group’s reporting package was carried out as part of the audit. Moreover, as part of other certification services, audits were carried out in accordance with section 89(1) of the German Securities Trading Act [WpHG] and section 16j of the German Law governing the Supervision of Integrated Financial Services [FinDAG], along with audits in accordance with ISAE 3000 on the use of loan and credit receivables to secure central bank loans, on compliance with PSD2 requirements, as well as a voluntary audit of the separate non-financial report in line with section 289b and c HGB (limited assurance), as well as audits in accordance with sections 84 and 85 of the Framework Statutes for the Sparkasse Finance Group’s protection scheme. In addition, audits were carried out in accordance with IDW PS 490 on financial statements (EZR reporting form & IPS-FinRep

reporting form). Moreover, certifications relating to the co-branding for credit card business operations were issued and agreed-upon procedures to assess contributions to the institutional protection scheme and the association levy were carried out. Other services include assisting with the bidding process for the audit of the annual financial statements for the 2026 financial year, as well as the processing of premium savings contracts.

During the reporting year, a gross amount of €228.0 thousand (previous year: €109.9 thousand) was released for audit services from the provisions set aside for the auditor's fees relating to the annual financial statements as at 31 December 2024.

(23) Other operating income

Various factors impacted the net figure for other operating income and expenses.

Income resulted primarily from the reversal of provisions amounting to €37.1 million (previous year: €30.4 million). This was counterbalanced by, amongst other things, expenses arising from the allocation to provisions amounting to €10.2 million (previous year: €23.8 million) and from the compounding of interest on non-banking-specific provisions amounting to €5.7 million (previous year: €5.2 million).

In addition, there were one-off effects resulting from the termination of a perpetual right of use (-€45.2 million) and the sale of an option right (+€7.9 million).

The currency conversion resulted in a net gain of €0.7 million (previous year: €0.2 million).

(24) Risk provisioning

in mn. €	2025	2024
Risk provisioning in lending business	215	117
Profit/loss from securities in the liquidity reserve	-33	23
Total	**182**	**140**

The measurement of risk provisioning in lending business is governed in particular by expectations regarding future loan defaults, the structure and quality of the loan portfolios, and macroeconomic factors. For all identifiable risks in lending, specific valuation allowances and provisions were created in the amount of the expected defaults. Specific valuation allowances are reversed as soon as the value of the receivable increases because either the collateral valuation and/or the creditworthiness of the borrower has fundamentally and sustainably improved.

For the credit portfolio that does not require any specific valuation allowance, a general valuation allowance in accordance with IDW RS BFA 7 is created. The general valuation allowance is calculated on the basis of a portfolio approach, taking into account the parameters of probability of default, loss ratio, secured and unsecured recovery rate and credit conversion factor.

In light of the ever-evolving macroeconomic and geopolitical threats and their impact to date on the valuation of the lending business, the following management adjustments were made.

Based on findings from the medium-term planning process and the baseline and recession scenarios used therein, a management adjustment of €7.4 million (previous year: €9.8 million) was recognised. In the process, besides a component based on the entire loan portfolio, risks associated in particular with BSK's CRE loan portfolio were taken into account.

ESG risks impact collateral valuations and borrowers' credit ratings. To supplement the evaluation of ESG risks based primarily on quality appraisals in the credit and collateral valuation process, a management adjustment amounting to €2.0 million (previous year: €2.0 million) has been created.

Due to improvements in the rating models, the management adjustment for risks relating to real property ratings and "customer compact ratings" amounting to €4.8 million, has been fully reversed.

As at 31 December 2025, the total value of management adjustments recognised amounted to €9.4 million (previous year: €16.6 million).

Risk provisioning in the lending business has developed as shown below:

in mn. €	Default risk								Total			
	Direct depreciation		Specific valuation allowance [1]		General valuation allowance [2]		Provisions for the lending business		Portfolio		P&L	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
As at 1 Jan.			**439**	**351**	**78**	**114**	**16**	**19**	**533**	**484**		
Contributions	0	0	148	123	32	1	18	1	198	125	198	125
Utilisations	0	0	23	12	0	0	0	0	23	12	0	0
Reversals	0	0	10	23	9	34	1	4	20	61	20	61
Direct depreciation	37	53	0	0	0	0	0	0	0	0	37	53
Recoveries on receivables written-off	0	0	0	0	0	0	0	0	0	0	0	0
Transfers	0	0	-4	0	4	-3	0	0	0	-3	0	0
Changes in interest rates	0	0	0	0	0	0	0	0	0	0	0	0
As at 31 Dec.	**37**	**53**	**550**	**439**	**105**	**78**	**33**	**16**	**688**	**533**	**215**	**117**

[1] This includes a specific valuation allowance of €347.2 million (previous year: €232.2 million) and general valuation allowance of €202.6 million (previous year: €206.8 million)

[2] Includes a management adjustment of €9.4 million (previous year: €16.6 million)

Risk provisioning breaks down as follows:

in mn. €	31 Dec. 2025	31 Dec. 2024
Loans and advances to banks	3	3
Loans and advances to customers	652	514
Bonds and other fixed-income securities	0	0
Provisions for contingent liabilities and other commitments	33	16
Total	**688**	**533**

(25) Extraordinary expenses and income

No extraordinary expenses or income were recorded in the past financial year.

(26) Taxes on income and earnings

Due to the fiscal unity for income tax purposes with BSKH, domestic profits are taxed at BSKH. Deferred taxes relating to temporary differences at BSK are also recognised by the controlling entity, BSKH.

Other information

(27) Off-balance-sheet transactions/liabilities and other financial obligations

BSK is a member of the sub-fund for state banks [Landesbanken-Teilfonds] (comprising the deposit guarantee fund and the supplementary fund) of the institution-based protection scheme of the Sparkasse Finance Group, which is recognised as a deposit guarantee scheme. The target amount of funds to be held within the protection scheme and which is to be calculated annually must be provided by the member institutions. The annual contribution required for this is calculated by the German Savings Bank Association (DSGV) as the body responsible for the protection scheme. The top-up phase of the deposit guarantee fund has been completed; however, additional contributions will fall due in the coming years. On the one hand, the deposit protection sub-fund will need to be topped up through contributions as deposits grow; on the other hand, the eight-year top-up phase for the supplementary fund for institutional protection began in 2025. As part of the contributions made to date, irrevocable payment obligations within the meaning of section 285(3a) HGB were assumed in the amount of €63.2 million (previous year: €63.2 million) in respect of the deposit guarantee fund and €4.9 million in respect of the supplementary fund. As security for this, claims amounting to the same sum arising from a cash account held with the Deutsche Bundesbank were pledged to the protection scheme. A provision for the full amount of the liability has been set aside. Moreover, if a member institution requires compensation or support, special or additional payments may be instantly levied, the amount of which is not foreseeable at present.

S-Kreditpartner GmbH is affiliated with the sub-fund for state banks. In line with its stake in S-Kreditpartner GmbH, BSK has undertaken to reimburse the DSGV, as the body responsible for the sub-fund for state banks, 40% of all expenses, including interest and lost interest, which are incurred as a result of support measures and cannot be covered by funds set aside for S-Kreditpartner GmbH.

Details of BSK’s obligations arising from outsourcing the pension liabilities are included in the explanatory notes on the provisions.

Lease agreements with individual terms running until 2039 will result in future liabilities of €190.6 million (previous year: €211.4 million).

BSK is the main tenant of the Alexanderhaus property. As part of the reconstruction works it had commissioned at the Alexanderhaus, BSK indemnified the fund, as the lessor, and the fund subscribers against any tax-related and other financial losses and disadvantages arising in connection with the reconstruction works and the subletting of the property. The indemnification granted to fund subscribers is limited to 100% of their mandatory contributions (€0.0 million; excluding units held in the fund's own portfolio). The indemnification granted to the fund is not subject to any contractual restrictions. There are currently no identifiable or quantifiable financial risks arising from the indemnification. It is not expected that BSK will be drawn upon under this indemnification at this stage.

Securities lending transactions are used as part of liquidity management. Securities are borrowed with the aim of being able to use them as collateral for repurchase agreements. Lending transactions are subject to a fee. In this context, borrowed securities are not reported in the balance sheet, while lent securities continue to be recorded in the balance sheet. The risks associated with these transactions relate to settlement risk. This risk is defined as the difference between the market value of the underlying securities and the collaterals that were received or provided. As at the balance sheet date, securities with a nominal value of €30.0 million (previous year: €30.0 million nominal value) had been borrowed and, as in the previous year, no securities had been lent out.

BSK has a supplementary payment obligation with regard to the clearing fund held with Eurex Clearing AG, Frankfurt am Main. If, following a realisation event resulting from the default of another clearing member, this fund proves insufficient, the clearing members not affected may be called upon to contribute up to a liability limit amounting to twice the required contribution. As at the balance sheet date, BSK's liability limit was €30.0 million (previous year: €30.0 million).

In the 2025 financial year, BSK entered into a long-term service agreement with S-Servicepartner Deutschland GmbH. The agreement was entered into for a term of at least 10 years and primarily covers back-office services for banking products (e.g. payment transactions, electronic banking, etc.). The exact amount of the obligations incurred this way depends on the volume of services received during the respective financial year and on the development of individual parameters (e.g. pension trends). Therefore, the annual amount to be paid cannot be precisely quantified; for 2026, it is projected to be approximately €45.0 million and will decline slightly in subsequent years.

(28) Contingent liabilities and irrevocable loan commitments

BSK did not issue any letters of comfort during the reporting year. A letter of comfort with Berlin Hyp AG as the beneficiary ended on 31 December 2014. It related to all of the company's obligations. The letter of comfort continues to apply for obligations entered into up to that point. Following the 2014 sale of Berlin Hyp AG to BSKH, BSKH undertook to indemnify BSK against any claims should the collateral be drawn on in accordance with section 303 AktG as a result of the termination of the profit and loss transfer agreement and the domination agreement as well as from any third-party claims arising from the expired letter of comfort. As at 31 December 2025, the quantifiable share of these contingent liabilities amounted to €1.9 billion (previous year: €2.0 billion). However, it is not possible to quantify the total extent of liability with sufficient certainty, as this also relates, to a large extent, to off-balance-sheet derivatives, warranties and provisions.

Given the borrowers' current creditworthiness and their payment history to date, the risk of the liabilities arising from guarantees, warranty agreements and irrevocable loan commitments, as reported in the balance sheet, being called upon is considered to be low. There are no obvious indications that would call for a different assessment of the situation.

(29) Repo transactions

As in the previous year, there were no general collateral pooling transactions as at the reporting date in which the bank acted as transferor. There was no need to hand over any assets.

(30) Combined positions for valuation purposes

Underlying transactions with the following amounts, expressed in combined positions for valuation purposes, were included and hedged against the following risks:

Nominal value	Underlying transaction	Hedging transaction				Underlying transaction
		Interest rate risk	Currency risk	Share risk	Credit risk	
in mn. €	31 Dec. 2025					31 Dec. 2024
Assets	8,579	x				7,600
Debts	81	x	x			92
Pending transactions	700	x				700
This includes the nominal values of derivatives held as hedging instruments: €9,465.4 million (previous year: €8,509.8 million)						

The hedged risks show a decrease in value for assets of €124.6 million (previous year: €103.1 million); for debts a decrease in value of €17.6 million (previous year: €1.1 million); and for pending transactions an increase in value of €19.0 million (previous year: €26.0 million). The hedged risk corresponds to the changes in value (change in hedged fair value) of the underlying transactions, which were almost fully offset by hedging instruments in the assets position, and fully offset in the debts and pending transactions position.

(31) Financial derivatives not measured at fair value

Categories of derivatives business as at 31 Dec. 2025 in mn. €	Residual term			Total nominal amount	Positive replacement costs	Negative replacement costs
	<= 1 year	up to 5 years	> 5 years			
Interest rate derivatives	**1,903**	**5,937**	**9,015**	**16,855**	**603**	**335**
Interest rate swaps	1,903	5,937	9,015	16,855	603	335
Caps, floors	0	0	0	0	0	0
Foreign currency derivatives	**52**	**0**	**0**	**52**	**0**	**0**
Forward exchange transactions	52	0	0	52	0	0
Total	**1,955**	**5,937**	**9,015**	**16,907**	**603**	**335**

Categories of derivatives business as at 31 Dec. 2025 in mn. €	Carrying amount (asset-side)	Carrying amount (liabilities-side)	Balance-sheet value (asset-side)	Balance-sheet value (liabilities-side)
Interest rate derivatives	**15**	**20**		
Interest rate swaps	15	20	Prepaid expenses	Deferred income
Caps, floors	0	0	Other assets	-
Foreign currency derivatives	**0**	**0**		
Forward exchange transactions	0	0	Other assets	Other liabilities
Total	**15**	**20**		

The derivatives serve to manage interest rate risks in the banking book. Management is mainly carried out through interest rate swaps. Methodologically, the management is subject to the capital-at-risk approach, based on a ten-day holding period and a 99% level of confidence.
The quoted market values (replacement costs) represent the fair value that can be achieved or incurred through sale or settlement, excluding transaction costs.

At BSK, the derivatives recorded in the non-trading book form an essential part of the management of the banking book. Together with other financial instruments in the banking book, they are subject to a provision test as part of the loss-free valuation in accordance with IDW RS BFA 3.

Non-banking-book-managed derivatives held in the non-trading book are subject to an individual valuation according to the imparity principle. In the event of negative market values, provisions must be made for contingent losses arising from pending transactions within the meaning of section 249 HGB. As at 31 December 2025, BSK held no such derivatives.

When a derivative contract is concluded, upfront payments serve to compensate for terms that are not in line with market conditions and, from an economic perspective, are to be viewed as a premium or a discount. They are recorded in the balance sheet as prepaid expenses or deferred income. The prepaid expenses or deferred income recorded in the balance sheet also include the fair values of former trading book derivatives that were reclassified after the trading book status was discontinued with effect from 1 January 2016; these are treated as upfront payments.

Credit-related default risks are, as a rule, offset by entering into collateral agreements. The resulting collateral is reported as other assets or other liabilities.

Counterparty structure in the derivatives business by credit risk equivalents (risk-weighted)

in mn. €	31 Dec. 2025	31 Dec. 2024
Category: banks	10	9
Category: companies	5	5
Category: retail business	0	0
Total	**15**	**14**

The stated credit risk equivalents were calculated using the standard approach for counterparty default risk, which is applied in the context of reports on capital resources and capital requirements. Credit risk equivalents are shown weighted by counterparty risk, taking into account counterparty netting.

(32) Foreign currency holdings

in mn. €	31 Dec. 2025	31 Dec. 2024
Assets	5	7
Liabilities	141	161

(33) Remuneration of and loans granted to the Management Board and the Supervisory Board

At the Supervisory Board meeting on 29 November 2024, Mr Alexander Stuwe was nominated to succeed Mr Michael Jänichen as a member of the Management Board of BSK 1818 AG. The appointment, with effect from 1 January 2026, was made at the Supervisory Board meeting on 7 April 2025. Mr Michael Jänichen's term of office ends on 31 October 2026, as agreed in his contract.

At the Supervisory Board meeting on 25 June 2025, the post of Deputy Chair of the Management Board was created and Ms Nancy Plaßmann appointed to the post with effect from 1 July 2025.

During its meeting on 7 April 2025, BSK's Supervisory Board held in-depth discussions on the variable, performance-based remuneration of the Management Board and reached a decision based on the regulations that apply to the respective years. For the 2025 financial year, the Supervisory Board set a target bonus of between €50,000 and €120,000 per member of the Management Board, based on a recommendation from the Remuneration Control Committee.

For the 2018 to 2023 financial years, the Supervisory Board also reviewed the instalments of the conditional bonuses subject to a sustainability assessment for Dr Evers, Mr Kulartz and Mr Jänichen. The instalments due for payment were granted in full and disbursed to a total of €118,000.

For the preceding financial years, no target bonuses were set and no sustainability assessments were carried out.

The composition of BSK's Supervisory Board has changed as follows since 31 December 2024:

On 30 April 2025, Ms Christina Förster stepped down from her position as a member of the Supervisory Board. She was succeeded by Ms Maike Buchner, who served as a new member of the Supervisory Board from 1 May 2025 to 31 December 2025.

Apart from that, there have been no further changes.

The members of the Management Board and the Supervisory Board of BSK received the following remuneration during the reporting period:

in k€	2025	2024
Total remuneration of the Management Board	3,231	3,159
(of which: variable and performance-related remuneration)	*(242)*	*(182)*
Total remuneration of the Supervisory Board [1)]	608	471
Contributions to pension obligations for active members of the Management Board	107	112
paid to former members of the Management Board or their surviving dependents	831	881

[1)] excluding VAT

The following provisions for pension obligations have been created in total for active as well as former members of the Management Board or their surviving dependents. Reference is made here to the introductory remarks on the accounting and valuation methods used for provisions:

in k€	31 Dec. 2025	31 Dec. 2024
provisions set aside for pension obligations owed to active members of the Management Board	981	874
provisions set aside for pensions obligations owed to former members of the Management Board or their surviving dependents	9,373	10,080

Third-party services were neither promised nor provided to individual Management Board members in relation to their duties as Management Board members within the financial year.

There are no remuneration components offering long-term incentives (subscription rights, other share-based remuneration elements, etc.) for Management Board members.

On the balance sheet date, the total amount of advances and loans granted, as well as liabilities assumed, was as follows:

in k€	31 Dec. 2025	31 Dec. 2024
to members of the Management Board	311	352
to members of the Supervisory Board	9	131

The balances include annuity loans granted on arm’s length terms as well as overdraft facilities taken out on staff terms and outstanding balances on credit card accounts.

Remuneration paid to the members of the Management Board for the 2025 financial year:

in k€	Annual remuneration			Other remuneration [1]	Total
Members of the Management Board	Non-performance-related remuneration	Performance-related remuneration for the 2024 financial year	Performance-related remuneration for the 2018-2023 financial years		
Dr Johannes Evers	937	24	48	16	1,025
(of which not pensionable)	*(406)*				
Michael Jänichen	667	20	35	23	745
(of which not pensionable)	*(487)*				
Hans Jürgen Kulartz [2]	0	50	35	0	85
(of which not pensionable)	*(0)*				
Nancy Plaßmann	676	20	0	10	706
(of which not pensionable)	*(0)*				
Olaf Schulz	651	10	0	9	670
(of which not pensionable)	*(0)*				
Total remuneration for 2025	**2,931**	**124**	**118**	**58**	**3,231**

[1] Other remuneration comprises benefits in kind (use of company cars) of €52,000 and the so-called “employer’s share” of net remuneration (assumption of taxation of the non-monetary benefit by the employer) of €6,000; in addition, drivers are also employed at standard rates.

[2] On 30 June 2024, Mr Hans Jürgen Kulartz stepped down from the Management Board.

Remuneration paid to the members of the Management Board for the 2024 financial year:

in k€	Annual remuneration			Other remuneration [1]	Total
Members of the Management Board	Non-performance-related remuneration	Performance-related remuneration for the 2023 financial year	Performance-related remuneration for the 2018-2022 financial years		
Dr Johannes Evers	937	24	35	16	1,012
(of which not pensionable)	*(406)*				
Michael Jänichen	631	20	20	21	692
(of which not pensionable)	*(451)*				
Hans Jürgen Kulartz [2]	373	20	20	8	421
(of which not pensionable)	*(167)*				
Tanja Müller-Ziegler [3]	0	22	0	0	22
(of which not pensionable)	*(0)*				
Nancy Plaßmann [4]	651	22	0	9	682
(of which not pensionable)	*(0)*				
Olaf Schulz [5]	325	0	0	5	330
(of which not pensionable)	*(0)*				
Total remuneration 2024	**2,917**	**108**	**75**	**59**	**3,159**

[1] Other remuneration comprises benefit in kind (use of company cars) of €52,000 and the so-called “employer’s share” of net remuneration (assumption of taxation of the non-monetary benefit by the employer) of €7,000; in addition, drivers are also employed at standard rates.

[2] On 30 June 2024, Mr Hans Jürgen Kulartz stepped down from the Management Board.

[2] On 31 March 2023, Ms Tanja Müller-Ziegler stepped down from the Management Board.

[4] Ms Nancy Plaßmann has been a member of the Management Board since 1 October 2023.

[5] Mr Olaf Schulz has been a member of the Management Board since 1 July 2024.

The following was either expended or added to provisions for active Management Board members:

in k€ Members of the Management Board	Expenses/contributions to provisions in 2025	Expenses/contributions to provisions in 2024	Pension provision recognised in the balance sheet/ present value of pension entitlement as at 31 Dec. 2025	Pension provision recognised in the balance sheet/ present value of pension entitlement as at 31 Dec. 2024
Dr Johannes Evers	21	14	266	245
Michael Jänichen	86	98	715	629
Nancy Plaßmann	0	0	0	0
Olaf Schulz	0	0	0	0
Total	**107**	**112**	**981**	**874**

(34) Number of employees – annual average

	2025	2024
Full-time equivalent staff (FTE)	2,404	2,338
Part-time equivalent staff (PTE)	853	895
Total	**3,257**	**3,233**

(35) Coverage calculation

Details in accordance with **section 28(1)(1), (3), (6), (11), (13), (14) and (15) and section 28(2)(3) and (4) of the German Mortgage Bank Act [PfandBG]**:

Nominal value	Mortgage register		Public register	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Nominal value of cover assets	7,639,641	7,285,084	1,070,540	1,027,300
Nominal value of outstanding *pfandbriefe*	3,729,000	3,694,000	250,000	300,000
Surplus cover (nominal value)	**3,910,641**	**3,591,084**	**820,540**	**727,300**
of which statutory surplus cover [1)]	146,162	148,188	10,343	11,886
of which voluntary surplus cover	3,764,479	3,442,896	810,196	715,413
Present value of cover assets	7,528,845	7,213,865	1,041,772	992,960
Present value of outstanding *pfandbriefe*	3,669,239	3,640,043	259,576	298,452
Surplus cover (present value)	**3,859,606**	**3,573,822**	**782,196**	**694,508**
of which statutory surplus cover[2)]	73,385	72,801	5,192	5,969
of which voluntary surplus cover	3,786,222	3,501,021	777,004	688,539
Present value of risk of cover assets (previous day)	7,156,100	6,857,166	996,594	946,006
Present value of risk of outstanding assets (previous day)	3,545,123	3,502,573	249,954	296,919
Surplus cover (present value of risk) (previous day)	**3,610,977**	**3,354,593**	**746,640**	**649,087**
Liquidity surplus (180-day minimum)	**89,139**	**44,170**	**16,465**	**257,234**
as at:	15 May 2026	26 Jan. 2025	28 Jan. 2026	25 March 2024
Liquidity coverage	559,250	298,657	23,028	306,749
Accumulated liquidity balance	-470,111	-254,487	-6,563	-49,515

Additional information	Mortgage register		Public register	
	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Receivables without priority in insolvency proceedings (nominal value in k€)	0	0	0	0
Share of fixed-interest cover assets (in %)	91.81	90.56	100.00	100.00
Share of outstanding fixed-interest assets (in %)	100.00	100.00	100.00	100.00
Net present value of cover assets in foreign currency (k€)	0	0	0	0
Net present value of outstanding assets in foreign currency (k€)	0	0	0	0
Share of cover assets in default according to Art. 178 (1) CRR (in %)	0.00	0.00	0.00	0.00
Volume-weighted age of mortgage loans (in years)	5.74	5.40	0.00	0.00
Loan-to-value ratio of mortgage loans (in %)	57.25	57.11	0.00	0.00

[1)] The sum of the surplus cover (nominal value) in accordance with section 4(2) PfandBG and of the surplus cover (present value) in accordance with section 4(1) PfandBG

[2)] Surplus cover (present value) in accordance with section 4(1) PfandBG

Details in accordance with **section 28(1)(2) PfandBG**:

Schedule of International Securities Identification Numbers (ISIN) by *pfandbrief* category

Mortgage *pfandbriefe*

31 Dec. 2025	31 Dec. 2024
	DE000A13SNL0
DE000A162AZ5	DE000A162AZ5
DE000A162A26	DE000A162A26
DE000A162A59	DE000A162A59
DE000A162A67	DE000A162A67
DE000A162A75	DE000A162A75
DE000A162BC2	DE000A162BC2
DE000A162BD0	DE000A162BD0
DE000A162BF5	DE000A162BF5
DE000A162BG3	DE000A162BG3
DE000A162BL3	DE000A162BL3
DE000A30VRE4	DE000A30VRE4
DE000A30VRT2	DE000A30VRT2
DE000A30VRV8	

Public *pfandbriefe*

31 Dec. 2025	31 Dec. 2024
	DE000A162BB4
	DE000A30VRF1
DE000A30VRU0	

Details in accordance with **section 28(1)(4) and (5) PfandBG**:

Maturity structure of mortgage register

Fixed-interest period for loans	Cover assets	
in k€	31 Dec. 2025	31 Dec. 2024
up to six months	377,150	376,521
> 6 months and <= 12 months	411,561	236,213
> 12 months and <= 18 months	270,218	482,882
> 18 months and <= 2 years	302,403	462,101
> 2 years and <= 3 years	543,935	632,439
> 3 years and <= 4 years	739,900	621,653
> 4 years and <= 5 years	794,231	605,790
> 5 years and <= 10 years	2,685,011	2,313,002
> 10 years	1,515,231	1,554,482
Total	**7,639,640**	**7,285,083**

Maturity structure of *pfandbriefe*	Amount		Amount after postponement of maturity (12 months) [1]	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
up to six months	550,000	250,000	0	0
> 6 months and <= 12 months	305,000	15,000	0	0
> 12 months and <= 18 months	265,000	550,000	550,000	250,000
> 18 months and <= 2 years	300,000	305,000	305,000	15,000
> 2 years and <= 3 years	500,000	565,000	565,000	855,000
> 3 years and <= 4 years	300,000	500,000	500,000	565,000
> 4 years and <= 5 years	98,000	300,000	300,000	500,000
> 5 years and <= 10 years	1,231,000	964,000	1,264,000	1,009,000
> 10 years	180,000	245,000	245,000	500,000
Total	**3,729,000**	**3,694,000**	**3,729,000**	**3,694,000**

[1] Effects of maturity postponement on the maturity structure of *pfandbriefe*/postponement scenario: 12 months.
This is an extremely unlikely scenario, which could only come into play after the appointment of an administrator.

Maturity structure of public register

Fixed-interest period for loans in k€	Cover assets 31 Dec. 2025	 31 Dec. 2024
up to six months	35,573	13,774
> 6 months and <= 12 months	70,424	13,775
> 12 months and <= 18 months	30,157	22,275
> 18 months and <= 2 years	24,815	57,326
> 2 years and <= 3 years	73,631	30,144
> 3 years and <= 4 years	172,620	119,675
> 4 years and <= 5 years	198,612	200,664
> 5 years and <= 10 years	453,622	567,809
> 10 years	11,085	1,858
Total	**1,070,539**	**1,027,300**

Maturity structure of *pfandbriefe* in k€	Amount 31 Dec. 2025	 31 Dec. 2024	Amount after maturity postponement (12 months) [1)] 31 Dec. 2025	 31 Dec. 2024
up to six months	0	50,000	0	0
> 6 months and <= 12 months	0	250,000	0	0
> 12 months and <= 18 months	0	0	0	50,000
> 18 months and <= 2 years	0	0	0	250,000
> 2 years and <= 3 years	0	0	0	0
> 3 years and <= 4 years	0	0	0	0
> 4 years and <= 5 years	250,000	0	0	0
> 5 years and <= 10 years	0	0	250,000	0
> 10 years	0	0	0	0
Total	**250,000**	**300,000**	**250,000**	**300,000**

[1)] Effects of maturity postponement on the maturity structure of *pfandbriefe*/postponement scenario: 12 months.
This is an extremely unlikely scenario, which could only come into play after the appointment of an administrator.

Information on the postponement of *pfandbrief* maturity

	2025	2024
Prerequisites for a postponement of the maturity of *pfandbriefe*	A postponement of the maturity is necessary to avoid the insolvency of the pfandbrief bank with limited business activities (prevention of insolvency), the pfandbrief bank with limited business activities is not over-indebted (no existing over-indebtedness) and there is reason to believe that the pfandbrief bank with limited business activities will in any case be able to meet its liabilities due after expiry of the maximum possible postponement period, taking into account further postponement possibilities (positive settlement forecast). Cf. also section 30(2b) PfandBG.	A postponement of the maturity is necessary to avoid the insolvency of the pfandbrief bank with limited business activities (prevention of insolvency), the pfandbrief bank with limited business activities is not over-indebted (no existing over-indebtedness) and there is reason to believe that the pfandbrief bank with limited business activities will in any case be able to meet its liabilities due after expiry of the maximum possible postponement period, taking into account further postponement possibilities (positive settlement forecast). Cf. also section 30(2b) PfandBG.
Authorities of the administrator in case of a postponement of the *pfandbrief* maturity	The administrator may postpone the due dates of the redemption payments if the relevant requirements set out in section 30(2b) PfandBG are met. The postponement period, which must not exceed 12 months, shall be determined by the administrator as necessary. The administrator may postpone the due dates of redemption and interest payments falling due within one month of his or her appointment to the end of that one-month period. If the administrator decides in favour of such a postponement, the existence of the conditions set out in section 30(2b) PfandBG shall be irrefutably presumed. Such a postponement must be taken into account within the maximum postponement period of 12 months. The administrator may only make uniform use of his or her authority for all *pfandbriefe* of an issue. In this case, the due dates may be postponed entirely or proportionately. The administrator shall postpone the maturity for a *pfandbrief* issue in such a way that the original order of servicing of the *pfandbriefe*, which could be overtaken as a result of the postponement, is not changed (overtaking prohibition). This may mean that the maturity dates of issues due at a later date must also be postponed in order to comply with the overtaking prohibition. Cf. also section 30(2a) and (2b) PfandBG.	The administrator may postpone the due dates of the redemption payments if the relevant requirements set out in section 30(2b) PfandBG are met. The postponement period, which must not exceed 12 months, shall be determined by the administrator as necessary. The administrator may postpone the due dates of redemption and interest payments falling due within one month of his or her appointment to the end of that one-month period. If the administrator decides in favour of such a postponement, the existence of the conditions set out in section 30(2b) PfandBG shall be irrefutably presumed. Such a postponement must be taken into account within the maximum postponement period of 12 months. The administrator may only make uniform use of his or her authority for all *pfandbriefe* of an issue. In this case, the due dates may be postponed entirely or proportionately. The administrator shall postpone the maturity for a *pfandbrief* issue in such a way that the original order of servicing of the *pfandbriefe*, which could be overtaken as a result of the postponement, is not changed (overtaking prohibition). This may mean that the maturity dates of issues due at a later date must also be postponed in order to comply with the overtaking prohibition. Cf. also section 30(2a) and (2b) PfandBG.

Details in accordance with **section 28(1)(7) PfandBG**:

There are no derivatives that would represent a share of the cover assets.

Details in accordance with **section 28(1)(8), (9), (10) and (12) PfandBG**:

Other cover assets by country

Mortgage register

Obligor (direct or with guarantee)	Other cover assets	Share in % of outstanding assets	Other cover assets	Share in % of outstanding assets
in k€	31 Dec. 2025		31 Dec. 2024	
Germany	561,000	15.04	308,500	8.35
Total	**561,000**	**15.04**	**308,500**	**8.35**

All other cover assets are bonds (*Schuldverschreibungen*) in accordance with section 19(1)(4) PfandBG and must be disclosed in accordance with section 28(1)(9) and (10) PfandBG. The restrictions set out in section 19(1) PfandBG and section 20(2) PfandBG have not been exceeded.

The other cover assets do not include receivables as defined in Article 129 of Regulation (EU) No. 575/2013.

Public register

Obligor (direct or with guarantee)	Other cover assets	Share in % of outstanding assets	Other cover assets	Share in % of outstanding assets
in k€	31 Dec. 2025		31 Dec. 2024	
Germany	0	0.00	0	0.00
Total	**0**	**0.00**	**0**	**0.00**

The public register does not hold any other cover assets in accordance with section 20(2) PfandBG.

Details in accordance with **section 28(2)(1a) PfandBG**:

Mortgage register

Size categories in k€	31 Dec. 2025	31 Dec. 2024
up to €300,000	1,031,584	882,295
more than €300,000 to €1,000,000	619,406	544,484
more than €1,000,000 to €10,000,000	1,684,916	1,625,181
more than €10,000,000	3,742,736	3,924,624
Total	**7,078,642**	**6,976,584**

Details in accordance with **section 28(2)(1b) and (1c) PfandBG**:

Type of use (I)

in k€	31 Dec. 2025	31 Dec. 2024
residential use	5,072,828	4,808,985
commercial use	2,005,813	2,167,598
Total	**7,078,641**	**6,976,584**

Type of use (II)

Country	Flats		Detached and semi-detached houses		Apartment buildings		Subtotal	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Germany	660,147	567,977	640,767	550,021	3,785,785	3,690,987	5,086,699	4,808,985
Total	**660,147**	**567,977**	**640,767**	**550,021**	**3,785,785**	**3,690,987**	**5,086,699**	**4,808,985**

Country	Office buildings		Commercial buildings		Industrial buildings		Subtotal	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Germany	895,022	928,258	288,139	333,990	130,776	39,897	6,400,636	6,111,130
Total	**895,022**	**928,258**	**288,139**	**333,990**	**130,776**	**39,897**	**6,400,636**	**6,111,130**

-continued-	Other commercially used buildings		Unfinished and non-income-generating new buildings		Building plots		Total	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Germany	673,360	859,914	1,164	0	3,481	5,539	7,078,641	6,976,584
Total	**673,360**	**859,914**	**1,164**	**0**	**3,481**	**5,539**	**7,078,641**	**6,976,584**

Details in accordance with **section 28(2)(2) PfandBG**:

Mortgage register

Location of the mortgage	Payments in arrears (at least 90 days)		Exposure amount for arrears >= 5%	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Germany	6.9	10.4	0.0	26.9
Total	**6.9**	**10.4**	**0.0**	**26.9**

Details in accordance with **section 28(2)(5a/b/c) PfandBG**:

	Commercial		Residential	
Quantity	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Forced sale and receivership proceedings pending as of the reporting date	0	0	0	0
Forced sales conducted in the financial year	0	0	0	0
Land taken over during the financial year to prevent losses	0	0	0	0

Details in accordance with **section 28(3)(1) PfandBG**:

Public register

Size categories in k€	31 Dec. 2025	31 Dec. 2024
up to €10,000,000	23,860	31,676
more than €10,000,000 to €100,000,000	87,595	128,567
more than €100,000,000	959,084	867,057
Total	**1,070,539**	**1,027,300**

Details in accordance with **section 28(3)(2) PfandBG**:

Public borrowers by category and country

owed/guaranteed	State governments		Regional authorities		Local authorities		Other public debtors		Total	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Germany (owed by)	0	0	24,000	188,000	0	2,500	872,370	587,292	896,370	777,792
Germany (guaranteed by)	0	0	137,363	244,535	30,860	2,776	5,947	2,197	174,170	249,508
Total	**0**	**0**	**161,363**	**432,535**	**30,860**	**5,276**	**878,317**	**589,489**	**1,070,540**	**1,027,300**

of which for export financing purposes	State governments		Regional authorities		Local authorities		Other public debtors		Total	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Germany	0	0	0	0	0	0	0	0	0	0

Details in accordance with **section 28(3)(3) PfandBG**:

Customer groups with payments in arrears for at least 90 days

Debtor	State governments		Regional authorities		Local authorities		Other public debtors		Total	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Germany	0	0	0	0	0	0	0	0	0	0

Exposure amount for arrears >= 5%

Debtor	State governments		Regional authorities		Local authorities		Other public debtors		Total	
in k€	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024	31 Dec. 2025	31 Dec. 2024
Germany	0	0	0	0	0	0	0	0	0	0

Bodies of BSK 1818 AG

Management Board

Dr Johannes Evers
Chairperson

Nancy Plaßmann
Deputy Chairperson

Michael Jänichen

Olaf Schulz

Alexander Stuwe
as from 1 January 2026

Supervisory Board

Professor Dr Ulrich Reuter Chairperson	President of Deutscher Sparkassen- und Giroverband e.V.
Frank Wolf *) Deputy Chairperson	Head of Personnel of the ver.di trade union for the state of Berlin-Brandenburg
Sarah Behling *)	Finance Officer at BSK 1818 AG
Cord Bockhop	President of the Lower Saxony Savings Banks Association

Professor Dr Liane Buchholz	President of the Savings Banks Association Westfalen-Lippe
Maike Buchner *) as from 1 May 2025 until 31 December 2025	Trade union secretary ver.di Berlin-Brandenburg regional branch
Matthias Dießl	President of the Bavarian Association of Savings Banks
Christina Förster *) until 30 April 2025	Trade union secretary ver.di Berlin-Brandenburg regional branch
Lutz Goldbeck *)	Senior representative of the Works Council of BSK 1818 AG
Sven Herzog *)	Member of the Works Council of BSK 1818 AG
Christian Miska *)	Head of the Federal Specialist Group for Savings Banks and the Bundesbank at the Federal Administration of ver.di
Dr Matthias Neth	President of the Savings Banks Association of Baden-Württemberg
Kai Oberbach *)	Member of the Works Council of BSK 1818 AG
Stefan Reuß	Executive President of the Hesse-Thuringia Savings Bank and Giro Association
Benjamin Roscher Appointment in progress	Deputy Regional Manager of the ver.di trade union for the state of Berlin-Brandenburg
Christina Stönner *)	Chairperson of the Works Council of BSK 1818 AG

Walter Strohmaier	Chairperson of the Management Board of the Savings Bank Lower Bavaria-Central and Federal Chairperson of the German Savings Banks
Dr Harald Vogelsang	Spokesperson for the Management Board of HASPA Finanzholding and Hamburger Sparkasse AG
Ulrich Voigt	Chairperson of the Management Board of Sparkasse KölnBonn
Ludger Weskamp	Executive President of the East German Savings Banks Association
Manfred Wiesinger *)	Head of Marketing and Sales Management at BSK 1818 AG
Sascha Willmann *)	Cluster Manager in the Customer and Product Management division of BSK 1818 AG

*) employee representative

Seats of Management Board members on supervisory boards of large corporations according to statutory law (sec. 340a(4)(1) HGB)

Dr Johannes Evers

Chairperson of the Management Board

Chairperson of the Management Board of BSK 1818 Holding AG, Berlin

Member of the Supervisory Board of
- Finanz Informatik GmbH & Co. KG, Frankfurt am Main
- S-Kreditpartner GmbH, Berlin
- Zoologischer Garten Berlin AG, Berlin

Michael Jänichen

Member of the Management Board

Member of the Management Board of BSK 1818 Holding AG, Berlin

Chairperson of the Supervisory Board of
- S-Servicepartner Berlin GmbH, Berlin (until 19 January 2026)

Deputy Chairperson of the Supervisory Board of
- S Rating und Risikosysteme GmbH, Berlin

Member of the Supervisory Board of
- S-Kreditpartner GmbH, Berlin

Nancy Plaßmann

Member of the Management Board
(Deputy Chairperson of the Management Board as from 1 July 2025)

Member of the Supervisory Board of
- Deutscher Sparkassen Verlag GmbH, Stuttgart
- Feuersozietät Berlin Brandenburg Versicherung AG, Berlin

Member of the Management Board of
- DekaBank Deutsche Girozentrale, Frankfurt am Main

Olaf Schulz

Member of the Management Board

Member of the Supervisory Board of
- Deutsche Factoring Bank GmbH & Co. KG, Bremen
- Deutsche Sparkassen Leasing AG & Co. KG, Bad Homburg v.d. Höhe

Member of the Management Board of
- LBS Landesbausparkasse NordWest, Münster and Hanover

Alexander Stuwe

Member of the Management Board (as from 1 January 2026)

Member of the Management Board of BSK 1818 Holding AG, Berlin (as from 1 January 2026)

No mandates which have to be reported

Seats of employees on supervisory boards of large corporations according to statutory law (sec. 340a(4)(1) HGB)

Kai Uwe Peter

Member of the Management Board of
- LBS Landesbausparkasse NordWest, Münster and Hanover

Country-by-country reporting in accordance with section 26a KWG

The requirements set forth in Article 89 of Directive 2013/36/EU (Capital Requirements Directive, CRD IV) on country-by-country reporting were adopted into German law under sec. 26a of the German Banking Act [KWG].

The non-consolidated information contained in this report for the consolidated group in terms of commercial law refers to the fully consolidated entities of the Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG (S-Erwerbsgesellschaft) group of companies and the balance sheet date of 31 December 2025.

The following information has to be provided in accordance with sec. 26a KWG for these entities - itemised country by country:

1. Name of company, type of activity and registered office
2. Turnover
3. Number of people receiving wages/ salaries (FTE)
4. Profit/loss before tax
5. Taxes on profit/loss
6. Public subsidies received

Beyond this, the ratio of net profit and balance sheet total (return on investment) is to be disclosed.

The operating result shown as a turnover indicator (before risk provisioning and administrative expenses) contains the following components of the profit and loss statement according to the German Commercial Code [HGB]:

- Net interest income including ongoing income
- Net commission income
- Balance of other income/expenses
- Profit/loss from financial assets
- Income from profit pools, profit and loss transfer agreements or partial profit and loss transfer agreements

The number of people receiving wages/salaries (FTE) was determined in accordance with commercial law regulations of sec. 267(5) HGB.

Taxes correspond with taxes on income and earnings.

Public subsidies were not drawn on. Public subsidies received include exclusively subsidies received under EU aid procedures.

Country	Turnover	Earning a wage or salary	Profit before tax	Taxes on income and earnings
	in € mn.	Number	in € mn.	in € mn.
Germany	1,937	3,446	1,210	160

Fully consolidated entities in the S-Erwerbsgesellschaft group of companies:

Name of company	Type of activity	Country	Registered office	Headcount
Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG	Finance company	Germany	Neuhardenberg	0
BSK 1818 AG	Credit institution	Germany	Berlin	3,048
BSK 1818 Holding AG	Finance company	Germany	Berlin	0
LBB Grundstücksgesellschaft mbH	Finance company	Germany	Berlin	0
S-Servicepartner Berlin GmbH	Financial service provider	Germany	Berlin	398

The return on investment, calculated as a ratio of net profit (annual surplus) and balance sheet total, comes to 0.38 % for the S-Erwerbsgesellschaft group of companies.

Assurance from the legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Berlin, 3 March 2026

The Management Board

Dr Evers

Jänichen

Plaßmann

Schulz

Stuwe

Independent Auditor’s Report

To BSK 1818 AG, Berlin

Report on the audit of the annual financial statements and the management report

Audit opinions

We have audited the annual financial statements of BSK 1818 AG, Berlin, comprising the balance sheet as of 31 December 2025 and the profit and loss account for the financial year from 1 January to 31 December 2025, as well as the notes to the annual financial statements, including the description of the accounting and valuation methods. We have also audited the management report of BSK 1818 AG for the financial year from 1 January to 31 December 2025.

In accordance with German statutory requirements, we have not audited the content of the components of the management report mentioned in the “Other information” section of our auditor’s report.

In our opinion, based on the findings of our audit,

- the accompanying annual financial statements comply in all material respects with the German commercial law applicable to banking institutions and give a true and fair view of the assets and financial position of the company as of 31 December 2025 as well as of its financial performance for the financial year from 1 January to 31 December 2025 in accordance with German generally accepted accounting principles; and
- the accompanying management report as a whole provides an accurate view of the company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German statutory requirements, and accurately presents the opportunities and risks of any future development. Our audit opinion on the management report does not cover the content of the components of the management report mentioned in the section entitled “Other information”.

In accordance with section 322(3) sentence 1 of the German Commercial Code [HGB], we declare that our audit has not led to any reservations concerning the legal compliance of the annual financial statements and of the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with section 317 HGB and the EU Regulation on the Audit of Annual Financial Statements (No. 537/2014, hereinafter “EU Audit Regulation”) in compliance with the German generally accepted accounting principles for the audit of financial statements, as issued by the Institute of Public Auditors in Germany (IDW). Our responsibilities under those provisions and standards are further described in the section entitled “Auditor’s Responsibilities for the Audit of the Financial Statements and Management Report” of our auditor’s report. In accordance with European law and German commercial and professional regulations, we are independent of the company and have fulfilled our other professional obligations under German law in accordance with these requirements. Furthermore, pursuant to Article 10(2)(f) of the EU Audit Regulation, we declare that we have not performed any prohibited non-audit services as defined in Article 5(1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2025 through 31 December 2025. These matters were taken into account in the context of our audit of the annual financial statements as a whole and in forming our opinion on said statements, and we do not provide a separate auditor’s opinion on these matters.

COMPLETENESS OF VALUATION ALLOWANCES FOR LOSSES ON INDIVIDUAL ACCOUNTS RECEIVABLE FROM CUSTOMERS

Information on the accounting and valuation methods applied by BSK 1818 AG is provided in the notes entitled “Information on accounting and valuation methods”, in the subsection headed “Receivables and liabilities”. Further information on specific allowances can be found in the section entitled “Risk provisioning”, No. 24 of the notes.

RISKS TO THE FINANCIAL STATEMENTS

The bank’s annual financial statements as of 31 December 2025 show €28.4 billion (previous year: €28.8 billion) in loans and advances to customers. This corresponds to 63.3% (previous year: 65.3%) of total assets.

The current macroeconomic and geopolitical risks are impacting the financial performance of companies and private households. These developments are leading to increased uncertainty in assessing borrowers’ long-term debt servicing capacity and, consequently, to an increased risk of not identifying customer receivables that are at acute risk of default.

If receivables at acute risk of default are not identified, there is a risk that receivables from customers will not be valued appropriately and no proper risk provisions will be made.

It was of particular importance for our audit to obtain evidence that the bank has defined appropriate criteria for identifying acute counterparty default risks and, building on this, to implement suitable processes and control measures to identify these risks in good time.

OUR APPROACH TO THE AUDIT

In accordance with our risk-oriented audit approach, we have based our audit opinion on both control-based and substantive audit procedures.

As a first step, we updated our understanding of the bank’s business activities, the development of the loan portfolio including the associated counterparty default risks, the definition of loans and advances to customers at acute risk of default and the processes and controls relating to the identification of counterparty default risks.

In order to assess the adequacy of the internal control system for identifying loans and advances to customers from the lending business that are acutely at risk of default or have defaulted, we performed reviews and conducted interviews and also reviewed the relevant written documentation of the bank. We then also satisfied ourselves as to the implementation and effectiveness of these controls.

Using a deliberate selection of loan commitments based on risk-oriented criteria, we have satisfied ourselves that receivables from customers at acute risk of default have been identified and, in particular, that the borrowers’ long-term debt-servicing capacity has been properly assessed. We drew a representative sample from the portfolio of loan exposures that were not part of the deliberate selection and assessed for each sample element that there were no indications of an acute risk of default in connection with receivables from customers.

OUR CONCLUSIONS

The criteria and procedure used to identify acute counterparty default risks in connection with receivables from customers is appropriate and in line with the applicable accounting and valuation principles.

Other information

The Management Board or the Supervisory Board, as the case may be, is responsible for other information. The other information comprises the following components of the management report whose content has not been audited by us:

- the separate non-financial report expected to be made available to us after the date of this auditor's report and referred to in the management report,
- the corporate governance statement pursuant to section 289f(4) HGB (information on the women's quota), which is included in section B.7 of the management report, and
- the information contained in the management report that is unrelated to the management report and marked as unaudited.

The other information also includes the Supervisory Board's report obtained prior to the date of this auditor's report.

The other information does not include the annual financial statements, the audited management report disclosures, or our audit opinion thereon.

Our audit opinions on the annual financial statements and the management report do not cover the other information and, accordingly, we do not express an audit opinion or any other form of conclusion thereon.

In connection with our audit, we have a responsibility to read the other information referred to above and, in doing so, assess whether such other information

- is materially inconsistent with the annual financial statements, the content of the audited management report disclosures, or our knowledge obtained during the audit, or
- otherwise appears to be materially misrepresented.

Responsibility of the Management Board and the Supervisory Board for the annual financial statements and the management report

The Management Board is responsible for preparing the annual financial statements which have to comply in all material respects with the German commercial law applicable to banking institutions; it is also responsible for ensuring that the financial statements present a true and fair view of the assets, financial and earnings position of the company in accordance with German generally accepted accounting principles. Furthermore, the Management Board is responsible for such internal control as it deems necessary in accordance with German generally accepted accounting principles to enable the preparation of annual financial statements that are free from any material misstatements arising from fraud (i.e. accounting manipulation and misappropriation of assets) or errors.

When preparing the annual financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Furthermore, the Management Board is responsible for disclosing, if applicable, matters related to the company's ability to continue as a going concern. In addition, it is responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

In addition, the Management Board is responsible for preparing the management report, which, as a whole, provides a fair view of the company's position, is consistent in all material respects with the annual financial statements, complies with German statutory requirements, and accurately reflects

the opportunities and risks of any future development. Furthermore, the Management Board is responsible for the arrangements and measures (systems) which it has deemed necessary to enable the preparation of a management report in accordance with the applicable German statutory requirements and to provide sufficient suitable evidence supporting the statements made in the management report.

The Supervisory Board is responsible for overseeing the company's accounting process for preparing the annual financial statements and management report.

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from any material misstatements, whether due to fraud or error, and whether the management report as a whole provides a fair view of the company's position, is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German statutory requirements, and correctly reflects the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Reasonable assurance means a high degree of assurance, but it does not guarantee that an audit conducted in accordance with section 317 HGB and the EU Regulation on the Audit of Annual Financial Statements and German generally accepted accounting principles for the auditing of financial statements as established by the German Institute of Public Auditors (IDW) will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if, either individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by the users on the basis of the information contained in the annual financial statements and the management report.

During the audit, we exercise due professional judgement and maintain a critical attitude. Furthermore

- we identify and assess the risks of material misstatements in the annual financial statements and the management report, whether due to fraudulent activities or error; plan and perform audit procedures in response to those risks; and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinion. The risk of not detecting any material misstatements resulting from fraud is higher than the risk of not detecting any material misstatements resulting from error, since fraud may involve collusion, forgery, intentional omissions, misleading representations, or the overriding of internal controls.
- we obtain an understanding of the internal controls relevant to the audit of the annual financial statements, as well as the arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not with the aim of expressing an audit opinion on the effectiveness of the company's internal controls systems or on those arrangements and measures.
- we evaluate the appropriateness of accounting methods used by the Management Board and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- we draw conclusions on the appropriateness of the going concern basis of accounting used by the Management Board and, based on the audit evidence obtained, as to whether there is any material uncertainty relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. Should we conclude that there is any material uncertainty, we are obliged to draw attention in our auditor's report to the related disclosures in the annual financial statements and management report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may result in the company being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying

transactions and events in such a way that the annual financial statements give a true and fair view of the company’s assets, financial position and results of operations in accordance with German generally accepted accounting principles.

- we assess the consistency of the management report with the annual financial statements, its compliance with the law, and the picture it conveys of the company’s position.
- we perform audit procedures on the forward-looking statements made by the Management Board in the management report. On the basis of sufficient and suitable audit evidence, we verify, in particular, the significant assumptions underlying the forward-looking statements made by the Management Board and evaluate whether such forward-looking statements were correctly derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other matters, we discuss with those charged with governance the planned scope and timing of the audit and any significant audit findings, including any significant defects in internal controls that we identify during our audit.

We provide a statement to those charged with governance that we have complied with the relevant independence requirements and discuss with them any and all relationships and other matters that may reasonably be thought to bear on our independence and, where relevant, the actions taken or safeguards implemented to address any threats to independence.

From the matters discussed with those charged with governance, we identify the matters that were of most significance in the audit of the financial statements of the current period and are, therefore, key audit matters. We describe these matters in the auditor’s report, unless laws or other regulations preclude public disclosure of the matter.

Other statutory and legal requirements

Other information according to Article 10 EU Audit Regulation

We were elected as auditors by the Annual General Meeting on 26 June 2025. We were engaged by the Supervisory Board on 1 September 2025. We have served as auditors of BSK 1818 AG without interruption since the 2016 financial year.

We declare that the audit opinions contained in this auditor’s report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU Audit Regulation (Audit Report).

Auditor in charge

The auditor responsible for the audit is Franz Haider.

Berlin, 3 March 2026

KPMG AG
Wirtschaftsprüfungsgesellschaft

signed Haider,
Auditor

signed Röwekamp,
Auditor

BSK 1818 AG

Report of the Supervisory Board of BSK 1818 AG 2025

The Supervisory Board and its Committees have promptly, regularly, and comprehensively addressed the situation and the business performance of BSK 1818 AG and its subsidiaries, both in writing and verbally, while at the same time monitoring the Management Board's handling of business on an ongoing basis.

The Supervisory Board obtained information from the Management Board on the intended business strategy as well as on other fundamental issues of operational business planning, in particular on the financial planning, investment planning, and personnel planning as well as on the risk situation and on compliance, conferred about all aspects that arise within this context and, where appropriate, expressed recommendations. In addition, specific current topics were also debated by the Chairperson of the Management Board and the Chairperson of the Supervisory Board within the framework of a regular meeting. Furthermore, the Chairperson of the Supervisory Board engaged in a direct exchange with the heads of Internal Auditing and Compliance.

Moreover, the Supervisory Board and its Committees have adopted resolutions regarding the business transactions presented to them and other concerns which, according to the rules of procedure and additionally established regulations, called for a decision by these bodies.

Recurrent items on the agenda of these meetings included updates from the Management Board on the current business performance and the results of the business units as well as on the current situation and governance. Moreover, there were regular in-depth discussions with the Management Board regarding the liquidity and risk situation as well as the developments in sales. The interest rate environment in 2025 was characterised by key interest rate cuts and only moderate fluctuations in capital market interest rates.

Upon its entry in the commercial register on 15 July 2025, Landesbank Berlin AG, the owner of Berliner Sparkasse, was renamed BSK 1818 AG. This supports Berliner Sparkasse's strategic aim of becoming a fully-fledged "Sparkasse" [savings bank].

Following the sale of Berlin Hyp AG by the former Landesbank Berlin Holding AG to Landesbank Baden-Württemberg, the reduction in the share capital of Landesbank Berlin Holding AG by €1,234 million came into effect on 7 July 2022. On 11 July 2023, the ECB approved the application for permission to withdraw an amount of €617 million from S-

Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG (Acquiring Limited Partnership) in accordance with Articles 77 and 78 CRR (*first capital withdrawal application*). On 9 December 2025, the ECB approved a further application for permission to withdraw capital from the Acquiring Limited Partnership in accordance with Articles 77 and 78 CRR, this time in an amount of €617 million (*second capital withdrawal application*). The withdrawals of €617 million each were made on 4 August 2023 and 23 December 2025 respectively.

In addition, the demerger was successfully completed on time by 31 December 2024, thereby bringing the cooperation business offered by Direct Banking Service (DBS) to a definitive end. The credit card business remaining at Berliner Sparkasse, mainly consisting of credit cards from the former Amazon portfolio, will be continued under the new name BSK-Kreditkartenkunden (BSK-KRK) within Ms Nancy Plaßmann's department.

As part of the regular quarterly ESG reporting, the first report of which was presented to the Risk and Credit Committee on 11 June 2025 and to the Supervisory Board on 25 June 2025, the portfolios are assessed, physical risks are outlined, an ESG rating comparison of the sectors is made, the current situation in vulnerable and controversial (sensitive) sectors is discussed, GHG emissions from the bank's own business operations as well as those from financed businesses are presented together with ways for reducing them, and energy certificates are provided.

As part of Berliner Sparkasse's "Konvergenz" project, the IT standardisation of the bank's management and reporting was successfully implemented. Berliner Sparkasse now uses, among other things, a new system architecture for overall bank management and ECB reporting provided by the Sparkassen-Finanzgruppe.

BSK 1818 AG's annual financial statements, together with the management report for the 2025 financial year, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, appointed as auditor by the Annual General Meeting, taking into account the key audit areas defined by the Supervisory Board:

1. Audit of reporting system/introduction of BAIS (banking supervisory information system)
2. Risk management audit
3. DORA (Digital Operational Resilience Act)/IT audit

The auditor has issued an unqualified audit opinion on the annual financial statements and the management report. With regard to the separate non-financial report, the auditor conducted an audit with limited assurance and found no cause for objections.

The auditor's representatives attended the financial statement meetings of the Audit Committee and of the Risk and Credit Committee as well as the meeting on the financial statements of the plenary session. The auditor reported on the key findings of the audits conducted as well as on the fact that the company has a sound organisational structure and that, in principle, the financial institution's risk management in accordance with section 25a(1) third sentence of the German Banking Act [KWG] or section 91(2) of the German Stock Corporation Act [AktG] is deemed adequate. These findings do not preclude the overall effectiveness of the measures taken.

The Audit Committee and the Supervisory Board have taken note of the auditor's reports on the audits conducted. Moreover, the auditor has reviewed the annual financial statements and the management report as well as the non-financial report. No objections were raised against the findings of the auditor's report. The Supervisory Board thus approved BSK 1818 AG's annual financial statements, as prepared by the Management Board as at 31 December 2025, during its meeting held on 13 April 2026; in accordance with section 172 AktG, they have thus been adopted.

Composition of the Management Board

At the Supervisory Board meeting held on 29 November 2024, Mr Alexander Stuwe was appointed to succeed Mr Michael Jänichen as a member of the Management Board of BSK 1818 AG. At the Supervisory Board meeting held on 7 April 2025, Mr Stuwe was appointed with effect from 1 January 2026. Mr Michael Jänichen's regular term of office will end on 31 October 2026 as per his contract.

At the Supervisory Board meeting on 25 June 2025, Ms Nancy Plaßmann was appointed Deputy Chair of the Management Board of Berliner Sparkasse with effect from 1 July 2025.

Composition of the Supervisory Board

Ms Christina Förster resigned from the Supervisory Board with effect from 30 April 2025. She was succeeded by Ms Maike Buchner as a new member of the Supervisory Board from 1 May 2025 to 31 December 2025. The vacant position of Ms Maike Buchner on the Supervisory Board will be filled by Mr Benjamin Roscher, as appointed by the court.

Apart from that, there have been no changes.

The Supervisory Board would like to thank the members of the Management Board as well as all employees for their achievements in the 2025 financial year.

Berlin, April 2026

The Supervisory Board

Professor Dr Ulrich Reuter
as Chairperson

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