# Setting the benchmark for excellence

2024
Annual Report
HVB Group

Empowering
Communities to Progress.

UniCredit

**Published by:**
UniCredit Bank GmbH
Head Office
D-81925 Munich
www.hvb.de
Registrar of companies: Munich HRB 289472
Cover and introduction creative definition: UniCredit S.p.A.
Creative definition: UniCredit S.p.A.
Design, graphic development and production: UniCredit S.p.A.
Typesetting: Serviceplan Make GmbH & Co. KG, Munich

# Financial Highlights

## Key performance indicators

| | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| Net operating profit | €2,880m | €2,413m |
| Cost-income ratio (ratio of operating costs to operating income, based on segmented income statement ) | 40.6% | 44.3% |
| Profit before tax | €2,790m | €2,139m |
| Consolidated profit | €1,920m | €1,735m |

## Balance sheet figures/Key capital ratios

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Total assets | €290,230m | €283,292m |
| Shareholders' equity | €19,893m | €19,940m |
| Common Equity Tier 1 capital[1] | €15,733m | €15,864m |
| Core capital (Tier 1 capital)[1] | €17,433m | €17,564m |
| Risk-weighted assets (including equivalents for market risk and operational risk) | €66,168m | €69,767m |
| Common Equity Tier 1 capital ratio[1,2] | 23.8% | 22.7% |
| Core capital ratio (Tier 1 ratio)[1,2] | 26.3% | 25.2% |
| Leverage ratio[1,3] | 5.7% | 5.7% |

1 31 December 2024: in accordance with approved financial statements.
2 Calculated on the basis of risk-weighted assets, including equivalents for market risk and operational risk.
3 Ratio of core capital to the sum total of the exposure values of all assets and off-balance-sheets items.

## Other information

| | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Employees (in FTEs) | 9,052 | 9,620 |
| Branch offices | 349 | 371 |

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# Corporate Structure and Business Model

## Legal corporate structure

UniCredit Bank GmbH (HVB), formerly UniCredit Bank AG, headquartered in Munich, is the parent company of HVB Group. HVB is an affiliate of UniCredit S.p.A., Milan, Italy (UniCredit) and, together with the HVB subgroup, is an integral part of the UniCredit corporate group.

Since the shares held by minority shareholders of HVB were transferred to UniCredit compliant with Section 327a of the German Stock Corporation Act (Aktiengesetz – AktG), as resolved at the Annual General Meeting of Shareholders in June 2007 and entered in the Commercial Register on 15 September 2008, UniCredit has held 100 percent of the shares in HVB. Thus, trading in HVB shares officially ceased. With effect from 15 December 2023, UniCredit Bank AG was transformed into UniCredit Bank GmbH by way of a change of legal form pursuant to Section 190 ff of the German Transformation Act (Umwandlungsgesetz – UmwG).

As a capital market-oriented company, HVB remains listed on securities exchanges as an issuer of Pfandbriefe, bonds and certificates, among other things.

## Organisation of management and control

### Executive Board and Supervisory Board

Since the change in legal form to that of a limited liability company, i.e. a “GmbH” (Gesellschaft mit beschraenkter Haftung), the Executive Board has become the management body of HVB. The provisions of the German Act on Limited Liability Companies (GmbH-Gesetz) apply to the management of the company. Within the framework of its management function, the Executive Board is responsible above all for corporate planning and the strategic orientation of the company as well as for ensuring adequate risk management and risk controlling. It provides the Supervisory Board with reports at regular intervals, particularly on all issues relevant to corporate planning and strategic development, the course of business, the state of the Bank and its subsidiaries, including the risk situation, and significant compliance issues. The members of the Executive Board are jointly responsible for managing the Bank and for the proper business organisation of HVB. The responsibilities of the Executive Board of HVB are specified in a schedule of responsibility, which forms part of the Executive Board’s internal regulations. The Executive Board’s internal regulations also specify in particular the matters reserved for the Executive Board as a whole, the requirements for adopting resolutions and the required majorities.

The Supervisory Board of HVB has twelve members and has an equal number of employee and shareholder representatives. The Supervisory Board is responsible for monitoring and regularly advising the Executive Board as it conducts its business. The Supervisory Board has adopted by-laws specifically defining the details of the work within the Supervisory Board, the creation of committees and their tasks, and the tasks of the Chairman of the Supervisory Board. In addition, the by-laws state that certain types of transactions require the approval of the Supervisory Board.

# Corporate Structure and Business Model (CONTINUED)

The following changes occurred in the reporting period:

***Supervisory Board***
Mr Thomas Schöner resigned from the Supervisory Board as employee representative with effect from the end of 30 April 2024. He was succeeded with effect from 17 June 2024 by Ms Sonia Nassar by court appointment. With effect from the end of 31 October 2024, Dr Claudia Mayfeld resigned from the Supervisory Board as shareholder representative. She was succeeded by Ms Sabine Heimbach with effect from 1 November 2024.

***Executive Board***
With effect from 1 March 2024, the following new members of the Executive Board took office: Ms Georgiana Lazar-O'Callaghan with responsibility for the newly set up People & Culture area and Mr René Babinsky with responsibility for the Private Clients area, with effect from 1 April 2024 Mr Marco Iannaccone with responsibility for the Client Solutions area and Mr Pierpaolo Montana with responsibility for the Risk Management area as Chief Risk Officer.

With effect from 1 July 2024, the Corporates area was divided into Large Corporates and Small and Medium Corporates. These were taken over by Ms Marion Bayer-Schiller and Mr Martin Brinckmann respectively as new members of the Executive Board.

Ms Monika Rast resigned from the Executive Board with effect from the end of 29 February 2024, Dr Jürgen Kullnigg with effect from the end of 31 March 2024 and Mr Jan Kupfer with effect from the end of 30 June 2024.

A list showing the names of all of the members of the Supervisory Board and the Executive Board of HVB is given in the Note “Members of the Supervisory Board” and the Note “Members of the Executive Board” in the notes to the consolidated financial statements.

**Combined Management Report**
The Management Report of UniCredit Bank GmbH (HVB) and the Group Management Report of HVB Group are combined in accordance with Section 315 (5) of the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with Section 298 (2) HGB. The annual financial statements and the consolidated financial statements (including the Combined Management Report) are published jointly in the German Company Register.

**Statement pursuant to Section 289f (4) of the German Commercial Code**
For the proportion of women on the Supervisory Board, HVB’s Supervisory Board had set a target that five-twelfths of the members should be women, which is to be achieved by 31 December 2025. Both the shareholder and the employee representatives on the Supervisory Board are to contribute to achieving this target. This target is currently being met. As at 31 December 2024, there were five women on the Supervisory Board: Ms Sabine Heimbach, Ms Fiona Melrose and Ms Sabine Eckhardt as shareholder representatives and Ms Claudia Richter and Ms Sonia Nassar as employee representatives.

For the proportion of women on the Executive Board, the Supervisory Board had set a target that three-sevenths of the members should be women, which is to be achieved by 31 December 2027. With Ms Marion Höllinger on the Executive Board, the appointment of Ms Georgiana Lazar-O’Callaghan to the Executive Board as of 1 March 2024 and the appointment of Ms Marion Bayer-Schiller to the Executive Board as of 1 July 2024, the Executive Board has been increased to nine members and the proportion of female members on the Executive Board totalled three-ninths as at 31 December 2024. Due to these changes, HVB’s Supervisory Board set a new target on 18 October 2024 that four-ninths of the members of the Executive Board should be women, which is to be achieved by 31 December 2028.

# Corporate Structure and Business Model (Continued)

For the proportion of women in the first and second management levels below the Executive Board respectively, the Executive Board set the following targets to be achieved by the end of 2027: 50 percent of women in both the first and second management levels below the Executive Board. As diversity, equity & inclusion is a strategically important topic for the Bank and increasing the number of women in all management levels also plays a crucial role in this context, the Bank intends to achieve a gender balance across all levels in the medium term. As at the reporting date of 31 December 2024, the proportion of women in the first management level below the Executive Board amounted to 31 percent and in the second management level below the Executive Board to 33 percent. These percentages show that the targets set have not yet been achieved for the first and second levels below the Executive Board.

To improve the proportion of women particularly in the second management level below the Executive Board, comprehensive measures have been initiated and consistently expanded. Topics such as careers after returning from parental leave, flexible management models, a further reduction in the gender pay gap as well as comprehensive initiatives to network women with one another and increase their visibility vis-à-vis top management are to be named in this connection.

**Non-financial reporting**

Upon the entry into force of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD), HVB Group would be obliged to publish a sustainability report for the 2024 reporting year in accordance with the first sentence of the new European Sustainability Reporting Standards (ESRS) of the Delegated Regulation (EU) 2023/2772. Due to the fact that the Federal Republic of Germany has not transposed it into national law, the Non-Financial Reporting Directive (NFRD), which was implemented in German law in the 2017 financial year, continues to apply to HVB Group as a subgroup. Compared to the CSRD, the NFRD provides a general exemption option via the UniCredit corporate group.

As a fully consolidated subgroup of the UniCredit corporate group, HVB Group abstains from publishing its own consolidated non-financial statement in accordance with Section 315b (2) of the German Commercial Code (Handelsgesetzbuch – HGB). The non-financial statement is issued, with an exempting effect for HVB, by our parent company, UniCredit S.p.A., Milan, which already has a disclosure obligation under the CSRD. At the same time, HVB is making use of the exemption provision set out in Section 289 b (2) HGB and is also waiving its own non-financial statement. HVB is fully included in the consolidated statement of UniCredit S.p.A.

The sustainability report of our parent company has been issued in accordance with the ESRS and is published on UniCredit's website under "INVESTORS" in "Financial Reporting" as part of the financial report.

HVB Group intends to publish a sustainability report that is compliant with the ESRS in all material respects for the reporting period on a voluntary basis in the course of the 2025 financial year. This report will publish the information required in accordance with Article 8 of Regulation 2020/852 (EU Taxonomy).

# Corporate Structure and Business Model (Continued)

**Overall bank management**

HVB Group's objective is to generate a sustainable increase in corporate value. To take account of the need for value-based management, the principle of overall bank management is based on earnings, risk, liquidity and capital aspects. This principle is explained in more detail in the Risk Report (please refer in particular to "Overall bank management" within the section entitled "Implementation of overall bank management" in the Risk Report).

The key performance indicators (KPIs) applied within the framework of HVB Group's overall bank management are stated at the relevant places in the Combined Management Report. In addition to the profit/loss after tax as the relevant measure of earnings for internal management purposes, the following KPIs are used in internal management: the cost-income ratio and the return on allocated capital (RoAC). In addition, the profit/loss before tax is shown as a relevant measure of earnings in the 2024 financial year.

The cost-income ratio is calculated from the ratio of operating costs to operating income and is based on the segmented income statement, which is relevant for the corporate management and planning of HVB Group. The reconciliation of the segmented income statement to the income statement used in the description of the operating performance of HVB Group is shown in the Note "Income statement, broken down by operating segment". The main difference seen in operating income are the expenses for the income from investment properties and inventories (buildings measured according to IAS 2); regarding operating costs, the expense for purchased securities services for held-for-trading portfolios should be mentioned in particular.

The RoAC shows the annualised consolidated profit of HVB Group in relation to allocated capital. With RoAC, allocated capital is determined on the basis of the average risk-weighted assets (including equivalents for market risk and operational risk) whereby 13.00% equity is allocated to the average risk-weighted assets.

### Business model, main products, sales markets, competitive position and locations in the 2024 financial year

HVB Group is part of UniCredit, a pan-European commercial bank. It offers its customer base a banking network across Western, Central and Eastern Europe that is both regional and international in focus. Its integration into UniCredit enables HVB Group to exploit its international network and economies of scale. UniCredit has a divisionally and regionally diversified business model. It provides its customers access to commercial banks in 13 countries and other offices worldwide.

As a universal bank, HVB with its subsidiaries is a provider of banking and financial services and focuses on Germany. It offers a comprehensive range of banking and financial products and services to retail, corporate and public sector customers, international companies and institutional customers. Digitalisation and our commitment to environmental social governance (ESG) standards are key factors of our service. HVB Group has 349 offices around the world – 311 of which are offices in Germany that have been adapted to changing customer behaviour in recent years. In addition to its branch network, customers are served irrespective of their location through its remote channels. For detailed information on the offices, please refer to the Note "Offices" in the notes to the consolidated financial statements.

# Corporate Structure and Business Model (Continued)

**The operating segments**
HVB Group is divided into the following operating segments:
– Retail
– Corporates
– Other

A detailed description of the individual operating segments, particularly regarding the customers allocated to them, the products and services offered, the organisational focus as well as the competitive situation and the locations is contained in the Note “Method of segment reporting by operating segment” and the Note “Components of segment reporting by operating segment” in the notes to the 2024 consolidated financial statements.

## UniCredit Unlocked

As at the end of the 2024 financial year, we have successfully implemented the existing 2021-2024 multi-year plan within the framework of the UniCredit Unlocked group-wide strategic plan. The associated goals of boosting profitability (measured, among other things, by the KPIs: profit/loss before and after tax, cost-income ratio and RoAC) and capital efficiency (measured, among other things, by the capital ratios) were significantly exceeded.

Our actions focus on growth in selected customer segments combined with an efficient service model and the creation of a unique customer experience. We are therefore investing in automation and in front-to-back process optimisation. We are also promoting a comprehensive view of sustainability in line with ESG principles. Furthermore, we are exploiting cross-border and cross-company resources and cooperation opportunities within the UniCredit corporate group.

At the same time, a further adjustment of our staffing levels is planned. As in the past, we will also do this in the future by adopting socially compatible measures, creating new employment prospects or concluding severance packages. In addition, we are responding to demographic change by providing targeted support to young talent.

# Corporate Structure and Business Model (Continued)

## Trading engine centralisation
In the 2023 financial year, the UniCredit corporate group decided to simplify the structure of its trading activities. Previously, the trading activities of the UniCredit corporate group were bundled at HVB. Starting in the second half of 2024, these were and are being gradually transferred to the parent company, UniCredit S.p.A. With the aim of ensuring an orderly transfer during the centralisation process, trading activities in HVB were divided into various tranches so that these could be transferred one after the other. The transfers and compensation payments are made at the underlying fair values of the respective transactions at the time of transfer. The selling price, which also relates to future transactions, will be recognised in profit or loss after the successful completion of all the tranches.

In an initial tranche, bond and interest rate derivative transactions were transferred to UniCredit S.p.A. as of July 2024. At the same time, the employees entrusted with these were transferred from the Trading area to UniCredit S.p.A. In order to transfer risks from the portfolio of allocated customer and hedging derivatives, back-to-back new derivatives were concluded with UniCredit S.p.A. and novations agreed with external counterparties. In future, external hedging will be carried out centrally at UniCredit S.p.A. on behalf of HVB. Corporates customers will continue to be served by HVB and their transactions will continue to be booked with HVB without any changes. Nor will there be any change in the product range. In a second tranche, the brokerage business of HVB's Milan branch with non-German customers was transferred in November 2024. At the same time, the brokerage team in Milan was transferred from HVB to UniCredit S.p.A. Both transfers took place on schedule.

The related effects and impact in the reporting year are explained in the Combined Management Report and in the respective notes to the balance sheet in the consolidated financial statements.

The remaining portfolio will be transferred in stages in the 2025 and 2026 financial years subject to customer approval and the required IT migration.

## Corporate acquisitions and sales, and other major changes in the group of companies included in consolidation
No significant corporate acquisitions or disposals were made in the reporting period. As announced in the 2023 Annual Report, HVB sold its 100 percent shareholding in Structured Invest Société Anonyme to UniCredit International (Luxembourg) S.A. with effect from 30 April 2024.

The scope of consolidation of HVB Group was reduced by a total of six companies as at 31 December 2024 compared with year-end 2023.

Further or more detailed information on changes in the group of companies included in consolidation can be found in the Note “Companies included in consolidation” in the notes to the consolidated financial statements.

# Economic Report

## Underlying economic conditions

According to the International Monetary Fund (IMF), global economic growth came to 3.2% in 2024 after growth of 3.3% in the previous year. One important reason for the widespread stabilisation of the growth momentum was a further decline in inflation rates in many industrialised and emerging countries which weighed less heavily on companies and private households than in the years previously. In addition, central banks such as the Federal Reserve and the ECB began to lower their key interest rates.

The US economy grew by 2.8% in 2024 (2023: 2.9% according to the US Bureau of Economic Analysis (BEA)). Growth was driven primarily by an increase in investments and private consumer spending. As a result, construction spending continued to increase, not least on account of the continued stimulating impact of the Inflation Reduction Act. Private households reduced their savings rate, causing consumer spending to rise. In addition, employment and wages increased, although momentum slowed over the course of 2024. The Federal Reserve lowered its key interest rate in 2024 for the first time in September by 50 basis points to 5.0%, following this up with further cuts in the interest rate of 25 basis points each in November and December.

China's economy grew by 5.0% in 2024 (2023: 5.4% according to the National Bureau of Statistics of China). A weak construction industry and only moderate growth in private consumer spending dampened growth, while exports saw a strong increase.

In the eurozone, the economy grew by 0.7% in 2024 (according to Eurostat). Growth was particularly strong in Spain (up 3.2%), whereas it was significantly weaker in France (up 1.1 %) and Italy (up 0.5 %). Germany even saw a contraction of 0.2% in economic output.

The inflation rate in the eurozone came to 2.4% in the full year 2024 (2023: 5.5% according to Eurostat). The ECB lowered its key interest rate (deposit rate) over the course of the year in four steps, by 25 basis points each time, to 3.0% at year-end 2024.

The 0.2% decline in German economic output in 2024 was primarily due to a reduction in construction and equipment investments coupled with a decline in exports. However, private consumer spending increased slightly while government spending saw a strong rise. The inflation rate amounted to 2.2% on average over 2024 after 5.9% in the previous year (according to the German Federal Statistical Office). The labour market still showed itself to be comparatively robust: The number of employed people continued to rise, although the pace of job creation slowed significantly.

# Economic Report (Continued)

**Sector-specific developments**
The inflation rate fell in the eurozone in 2024, resulting in a total of four interest rate cuts by the European Central Bank (ECB) as of June 2024. The ECB's deposit rate thus declined from 4.0% to 3.0% as at year-end 2024. The ECB also pressed ahead with reducing its balance sheet total. Since July 2023, maturities under the asset purchase programme (APP) portfolio are no longer being reinvested, which has resulted in a reduction of around €21 billion since then. As at the end of December 2024, the ECB still held bonds totalling €2.7 trillion in its APP portfolio compared with €3.0 trillion as at year-end 2023. Since July 2024, the ECB has been reducing the pandemic emergency purchase programme (PEPP) portfolio by €7.5 billion per month. Since January 2025, it has not been reinvesting any of the PEPP maturities any further, which will lead to a reduction of around €15 billion per month in 2025. The PEPP portfolio primarily comprises public sector assets currently totalling €1.67 trillion. Due to the increase in credit spreads for the sovereign bonds of peripheral countries, the ECB decided to establish a new transmission protection instrument (TPI) in July 2022. The ECB Governing Council considers it necessary to establish the TPI to support the effective transmission of monetary policy. The TPI supplements the ECB Governing Council's raft of instruments. This allows government bonds to be purchased to counter unwarranted, disorderly market dynamics that pose a serious threat to the transmission of monetary policy across the eurozone. Since the TPI was introduced in 2022, there has been a significant decline in credit spreads for the sovereign bonds of peripheral countries.

On the regulatory side, an agreement was reached in 2023 on the implementation of the finalised Basel III reforms in Europe that led to the introduction of the Capital Requirements Regulation (CRR) III. At the end of May 2024, the Council of the European Union adopted the new rules as the final step in the adoption procedure. The rules were published in the Official Journal of the EU in June 2024 and the directive applies as of 1 January 2025. A key element is what is known as the output floor (lower limit of capital requirements) that limits the risk of excessive reductions in banks' capital requirements and makes the requirements more comparable. Consensus was reached on transitional arrangements in order to give market participants sufficient time to make adjustments. The agreement envisages long transitional periods for risk positions vis-à-vis companies without an external credit rating and housing loans collateralised by real estate as special regulations. The Basel III reforms will be introduced in Europe at the beginning of 2025, which means that risk weightings and risk-weighted assets for banks will gradually increase from 2025 onwards. Furthermore, the EU postponed the commencement of stricter rules for trading activities by one year until 1 January 2026 in response to the delayed implementation in other jurisdictions in order to avoid creating a competitive disadvantage for European banks. In January 2025, the United Kingdom stated that it would be postponing the start of the finalised Basel III rules by another year from January 2026 to January 2027. In the USA, the implementation of the new Basel rules is currently scheduled for mid-2025 but this timeline is still subject to political uncertainties.

A little over a year after the 7$^{th}$ amendment to the Minimum Requirements for Risk Management (MaRisk), BaFin published the 8$^{th}$ MaRisk amendment in May 2024. The amendment implements the guidelines of the European Banking Authority which became fully effective at the end of 2023 and focuses on the management of interest rate risks and credit spread risks in the banking book.

Most European banks must meet the minimum requirements for own funds and eligible liabilities (MREL) from January 2024 onwards. Overall, the banks had already largely met these requirements at the end of 2023 (Single Resolution Board). The regulator has only provided for longer transitional periods in special cases.

# Economic Report (Continued)

Risk premiums on corporate bonds in the European credit market widened slightly in 2024 by 12 basis points. By contrast, risk premiums on senior bank bonds narrowed slightly in the same period. This means that the risk premiums of corporate and bank bonds are again at a comparable level. In the market for sovereign bonds, the spread between ten-year Italian sovereign bonds and ten-year German sovereign bonds narrowed significantly from 168 basis points as at year-end 2023 to 115 basis points as at year-end 2024. In particular, retail customers and foreign investors increasingly emerged as buyers of Italian sovereign bonds. Only in June 2024 was there a widening of risk premiums on French sovereign bonds due to early elections for the parliament in France that also had an adverse effect on Italian sovereign bonds. While risk premiums for French sovereign bonds widened again at the end of the year, risk premiums for Italian sovereign bonds narrowed again.

In 2024, short-term interest rates declined more strongly than long-term interest rates. The three-month Euribor fell from 3.9% as at year-end 2023 to 2.7% as at year-end 2024, while the EUR swap rate with a 10-year maturity decreased from a level of around 2.5% only slightly to 2.4% in the same period. The high level of long-term interest rates supports banks' net interest income. The market is currently expecting further interest rate cuts in 2025, although there is still considerable uncertainty about the continued trend in the level of interest rates, caused primarily by uncertainties about US inflation and the yields on the US bond market. In the USA, the yield on ten-year US treasury bonds rose from 3.9% as at year-end 2023 to 4.6% as at year-end 2024. The yield on ten-year bonds of the Federal Republic of Germany likewise increased from 2.1% as at year-end 2023 to 2.4% as at year-end 2024.

Bank lending picked up again in 2024, caused mainly by the ECB's interest rate cuts. New business with real estate loans was up by 22% from January to November 2024 compared with the same period in 2023. In the same period, lending to the business sector in Germany only increased a moderate 0.6% year-on-year, however momentum accelerated in the fourth quarter of 2024. The last ECB survey on lending in January 2025 for the fourth quarter of 2024 showed a further recovery in demand for loans for private construction financing but still restrained demand for corporate loans. At the same time, the banks surveyed in Germany made lending conditions in the corporate banking business more restrictive but conditions for private residential construction more expansive.

The stock markets performed very well again in 2024 despite political uncertainty and geopolitical risks due to the decline in inflation in the USA and in Europe and an above-average performance of shares relating to digitalisation and artificial intelligence. Moreover, corporate profits continued to develop favourably. In addition, the election outcome in the USA had a positive impact on the US stock market in November. The EURO STOXX 50 rose by more than 8% in 2024. Bank shares performed slightly better in 2024 than the overall market in Europe. The German DAX stock index was up by almost 19% and in the USA, the S&P 500 even gained 24%.

In July 2024, the European Central Bank presented the results of its stress test for cyber resilience. In this context, the focus was not on whether banks can prevent a cyber attack but how they respond to an attack and restore their business operations. Only aggregated data was published on this. Overall, the stress test showed that banks have response and recovery frameworks in place, although the ECB still sees a need for improvement in some areas.

# Economic Report (Continued)

The topic of sustainability continues to be of major importance in the banking sector. On the one hand, the share of ESG-compliant issues in the banking sector remained at a high level. Around 23% of the senior bonds issued in the banking sector in 2024 were placed in line with ESG standards. On the other hand, banks worked on further sustainability goals and data, in particular regarding the CO2 intensity of the credit book. In addition, banks had to disclose their green asset ratio (GAR) as a new taxonomy and key figure for the first time in 2024.

**Operating performance of HVB Group**

All the statements regarding the operating performance of HVB Group in this Combined Management Report refer to the structure of our income statement shown below.

In addition to the profit/loss before and after tax as relevant measures of earnings for internal management purposes, the following key performance indicators (KPIs) are used in internal management: the cost-income ratio based on the segmented income statement and the return on allocated capital (RoAC).

| | 1/1-31/12/2024 | 1/1-31/12/2023 | CHANGE | |
|---|---|---|---|---|
| **INCOME/EXPENSE** | **€ millions** | **€ millions** | **€ millions** | **in %** |
| Net interest | 2,608 | 2,739 | (131) | (4.8) |
| Dividends and other income from equity investments | 33 | 30 | 3 | 10.0 |
| Net fees and commissions | 1,206 | 1,165 | 41 | 3.5 |
| Net trading income | 1,405 | 1,564 | (159) | (10.2) |
| Net gains/(losses) on financial assets and liabilities at fair value | 107 | (117) | 224 | n/a |
| Net gains/(losses) on derecognition of financial instruments measured at cost | 8 | (17) | 25 | n/a |
| Net other expenses/income | 101 | (255) | 356 | n/a |
| of which net valuation/disposal of investment properties | (12) | (69) | 57 | (82.6) |
| **OPERATING INCOME** | **5,468** | **5,109** | **359** | **7.0** |
| Payroll costs | (1,225) | (1,334) | 109 | (8.2) |
| Other administrative expenses | (1,006) | (1,045) | 39 | (3.7) |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (87) | (150) | 63 | (42.0) |
| **Operating costs** | **(2,318)** | **(2,529)** | **211** | **(8.3)** |
| **OPERATING PROFIT/(LOSS)** | **3,150** | **2,580** | **570** | **22.1** |
| Net write-downs of loans and provisions for guarantees and commitments | (270) | (167) | (103) | 61.7 |
| **NET OPERATING PROFIT/(LOSS)** | **2,880** | **2,413** | **467** | **19.4** |
| Provisions for risks and charges | 27 | 32 | (5) | (15.6) |
| Restructuring costs | (114) | (309) | 195 | (63.1) |
| Net gains/(losses) on remeasurement of consolidated companies | (3) | 3 | (6) | n/a |
| **PROFIT/(LOSS) BEFORE TAX** | **2,790** | **2,139** | **651** | **30.4** |
| Income tax for the period | (870) | (404) | (466) | 115.3 |
| **PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))** | **1,920** | **1,735** | **185** | **10.7** |
| attributable to the shareholder of UniCredit Bank GmbH | 1,920 | 1,736 | 184 | 10.6 |
| attributable to minorities | — | (1) | 1 | (100.0) |

n/a – of no informative value or change greater than 200%

# Economic Report (Continued)

**Net interest**
In the reporting period, net interest came to €2,608 million compared with €2,739 million in the previous-year period and is thus a moderate €131 million lower (down 4.8%) on the previous-year figure. This development was primarily characterised by a reduction in net interest in the deposit-taking business against the backdrop of the changing market environment and a change in customer behaviour. Moreover, there was an increase in refinancing costs for trading activities within the Corporates operating segment. A positive counter-effect can be seen in net trading income. Higher interest income from an increase in holdings of bonds and other fixed-interest securities had a partially offsetting effect.

**Dividends and other income from equity investments**
Dividends and other income from equity investments totalled €33 million in the reporting period and are thus noticeably higher than in the previous-year period (€30 million).

**Net fees and commissions**
In the reporting period, net fees and commissions came to €1,206 million and are thus a moderate €41 million (3.5%) higher compared with the previous-year period. Adjusted for the deconsolidation effect of the sale of Structured Invest Société Anonyme in 2024, this would have resulted in an increase of €49 million or 4.3%.

This development is largely due to a significant increase of €31 million (18%) in net fees and commissions in the lending business particularly in the Corporates operating segment. In addition, net fees and commissions from securities services were up by a moderate €31 million (6%) mainly in the Retail operating segment, which were also boosted by the positive performance on global stock markets. Income from the sale of third-party products developed noticeably well, rising from €98 million in the previous year to €111 million (13%).

By contrast, net fees and commissions from guarantees fell noticeably by €13 million (down 9%) to €125 million. In addition, there was a negative balance from other commission of minus €16 million (previous-year period: €0 million).

**Net trading income**
In the reporting period, net trading income declined by €159 million (down 10.2%) to €1,405 million (previous-year figure: €1,564 million). Income from the strong business in the area of equity products as well as stable contributions from the area of fixed income, currencies and commodities were the main contributors to total income. Trading activities in interest rate risk management and the related profit and loss components were transferred to UniCredit S.p.A. Furthermore, trading income reflects a generally stable, high level of market interest rates that fell slightly in the second half of the year. A corresponding countereffect was seen in net interest.

Net trading income includes valuation discounts in the context of the fair value measurement of derivatives, particularly credit value adjustments and funding value adjustments. The increase in valuation discounts in connection with the fair value measurement had a negative impact and resulted in losses of €10 million. In the previous-year period, income of €35 million was recorded.

# Economic Report (Continued)

**Net gains/losses on financial assets and liabilities at fair value**
A net gain of €107 million on financial assets and liabilities at fair value was recognised for the reporting period. A net loss of €117 million was generated in the previous-year period.

Hedge accounting effects reported a negative result. In the reporting period, a loss of €118 million was generated after a loss of €202 million in the previous-year period. This development is mainly attributable to changes in the fair values of hedging transactions and hedged items at a generally stable, high market interest rate level that declined slightly in the second half of the year. In addition, the result reflects the impact of centralising interest rate risk trading activities and, equally, a very high hedge effectiveness. In line with this, there were no hedge inefficiencies with a material impact. Thus, for the portfolio fair value hedges as HVB Group's main hedge relationship, the change in the fair values resulted in a rise from minus €1,722 million in the previous-year period to minus €375 million in the reporting period for the hedged items whereas for hedging transactions, this resulted in a decline from €1,527 million in the previous-year period to €262 million in the reporting period.

A positive result was generated in the reporting period with financial liabilities designated at FVTPL with the gains increasing to €124 million compared with €75 million in the previous-year period. The positive change in the derivatives used for economic hedging exceeds the negative change in the value of the securities issued.

In the reporting period, a gain of €14 million was generated on financial assets mandatorily at FVTPL compared with a gain of €15 million in the previous-year period. The positive contributions from securities were compensated for on a pro-rata basis by contributions from derivatives concluded for economic hedging.

At a positive amount of €68 million, the fair value measurement of equity instruments has also increased significantly by €48 million compared with the previous-year period.

**Net gains/losses on derecognition of financial instruments measured at cost**
This item reported a gain of €8 million for the 2024 reporting period after a loss of €17 million in 2023. The net result is thus significantly higher than the previous-year figure. The derecognised financial instruments are loan receivables and securities holdings that meet cash flow criteria and are generally intended to be held to maturity. These are therefore only sold in exceptional cases. The thresholds defined for the sale of assets recognised at amortised cost were observed in 2024. This development is mainly due to the decline in losses from the sale of receivables from minus €19 million in the previous year to minus €8 million coupled with an increase to €9 million in gains from buybacks of securities issued (previous-year period: €0 million).

# Economic Report (Continued)

**Net other expenses/income**
The item "Net other expenses/income" generated net income of €101 million in the reporting period, which is thus a significant increase on the negative balance of expenses/income in the previous-year period totalling a net expense of €255 million.

The significant change is primarily due to the elimination of the expense of €179 million for the bank levy. In February 2024, the Single Resolution Board had announced that it would not be charging CRR financial institutions any ex-ante contributions for the 2024 reporting year as the financial means available in the Single Resolution Fund had reached the target level of at least 1% of the covered deposits.

Furthermore, the negative balance of expenses/income from investment properties, which was primarily attributable to the valuation of properties, fell by €55 million compared with the previous-year period (expense of €76 million) to an expense of €21 million in 2024. In addition, write-downs on inventories (buildings measured compliant with IAS 2) declined significantly from €75 million to €10 million in the reporting period.

**Operating costs**
Operating costs totalled €2,318 million in the reporting period and are thus €211 million, or 8.3%, lower than the previous-year figure of €2,529 million. HVB Group has continued to succeed in reducing costs in line with the UniCredit Unlocked strategic plan and in combating the effects of inflation at the same time.

Payroll costs declined noticeably by €109 million to €1,225 million (down 8.2%) in the reporting period compared with €1,334 million in the previous-year period, especially against the backdrop of lower staffing levels. As a result, there was a decline in the costs for wages and salaries. Other administrative expenses totalled €1,006 million in the reporting period and saw a moderate reduction of €39 million (down 3.7%) compared with the previous-year period. A major factor driving this development were lower expenses for the use of properties.

Depreciation, amortisation and impairment losses on property, plant and equipment, software and right-of-use assets fell a significant €63 million to €87 million in the reporting period compared with €150 million in the previous-year period. In the previous-year period, the amount was mainly attributable to unscheduled write-downs on properties owned and occupied by the Bank as a result of a decline in market values.

**Operating profit (before net write-downs of loans and provisions for guarantees and commitments)**
Operating profit (before net write-downs of loans and provisions for guarantees and commitments) amounted to €3,150 million in the reporting period, which represents a significant rise of €570 million (22.1%) over the previous-year figure of €2,580 million.

The cost-income ratio (ratio of operating costs to operating income) based on the segmented income statement, which is relevant for the corporate management and planning of HVB Group, improved noticeably to 40.6% in the reporting period after 44.3% in the previous-year period and thus exceeded the forecast of a moderate improvement. The segmented income statement used for the cost-income ratio is shown in the Note "Income statement, broken down by operating segment".

# Economic Report (Continued)

**Net write-downs of loans and provisions for guarantees and commitments**
In the reporting period, net additions to net write-downs of loans and provisions for guarantees and commitments totalled €270 million after net additions of €167 million to net write-downs of loans and provisions for guarantees and commitments in the previous-year period. The individual effects that offset each other are described below.

In the reporting period, a net amount of €266 million in portfolio allowances (general loan loss provisions - GLLP) was reversed following a net reversal of €113 million in the previous-year period. When calculating the expected credit losses, the models used basically reflect a changed macroeconomic situation. In addition, overlays were applied in 2022 and 2023 for certain sub-portfolios that are particularly sensitive to specific risks. These overlays are to be considered supplementary measures to the expected credit loss models. On the one hand, these specific risks are geopolitical risks caused by the sudden increase in energy costs, inflation and interest rates for both companies and private individuals. On the other hand, these are risks that have arisen especially in the commercial real estate and construction industry (CRE) as a result of the ongoing high level of interest rates, higher construction costs, decline in orders, falling property prices and lower rental income.

The following reversals and additions were recognised for portfolio allowances in the reporting period: During the reporting period, both overlays were utilised as a result of changing to specific loan loss allowances and there were further reversals due to a methodological adjustment made to take account of macroeconomic scenarios in the overlays. Through the technical implementation of a new LGD model, a post-model adjustment applied in 2023 was reversed which led to a reversal of GLLPs overall as the increase caused by the new model when it was introduced was smaller than anticipated by the post-model adjustment. Furthermore, there was a reversal as a result of removing a model-internal calibration factor to take account of uncertainties during the COVID-19 period and the Russia-Ukraine conflict. A reversal also resulted from regular portfolio development. The effects of implementing a new transfer logic model and a recalibration of this model taking place later in the reporting period have largely offset each other. There was an addition due to the introduction of parameters that cover risks in connection with the ESG framework. In terms of the macroeconomic situation, a slight deterioration in the outlook has resulted in additions to the GLLPs.

In the reporting period, net additions to specific loan loss provisions totalled €536 million after net additions of €280 million in the previous-year period. Additions to specific loan loss provisions on account of defaults were only partly compensated for by reversals of existing specific loan loss provisions. The increase in net additions compared with the previous-year period reflects the persistently challenging macroeconomic environment and was significantly influenced by the default of individual corporate customer exposures.

**Provisions for risks and charges**
In the reporting period, net income of €27 million was generated from the reversal of provisions for risks and charges. By contrast, there was net income of €32 million from the reversal of provisions for risks and charges in the previous-year period. A significant individual item in the reporting period was the reversal of a provision in the amount of €14 million in connection with a positive decision in legal proceedings. There were no significant individual items in the previous-year period.

# Economic Report (Continued)

**Restructuring costs**
In the reporting period, restructuring costs came to €114 million (previous-year period: €309 million).

Restructuring costs in the reporting year continue to be based on measures built on the already existing UniCredit Unlocked strategic plan. The strategic guidelines of the groupwide Unlocked plan in terms of simplification, customer focus and digitalisation are still valid. In the reporting period, further strategic measures were started or continued as part of the UniCredit Unlocked strategic plan to support the achievement of the long-term goals of the strategic plan. Among other things, this includes the structural change and reorganisation of the areas Client Solutions, Finance, Digital & Operations, Risk Management, Legal, Internal Audit and People & Culture. The structural adjustments are also leading to a streamlining of the organisational structure and the fundamental structure, especially in the area of senior management positions.

These measures require further adjustments to be made in the Bank's staff planning. The largest part of the restructuring costs in the amount of €86 million relates to the continued socially compatible reduction in HVB's staffing levels, which is to be achieved above all by natural fluctuation, early retirement solutions and severance agreements.

In the previous-year period, restructuring costs totalling €309 million were incurred, most of which, i.e. €191 million, relate to staff planning. In addition, HVB assumed pro-rata costs of €90 million in 2023 for restructuring measures involving IT activities and other service areas of UniCredit S.p.A., which provides its services for HVB Group.

**Profit before tax, income tax for the period and consolidated profit/loss**
In the reporting period, HVB Group generated profit before tax of €2,790 million, which is a significant €651 million (up 30.4%) higher than the profit before tax of €2,139 million generated in the previous-year period.

Income tax expense amounted to €870 million in the reporting period and is therefore significantly higher by €466 million (up €115.3%) than the income tax expense of €404 million in the previous-year period. The increase is mainly due to the fact that the previous year included considerable positive tax effects for previous years. In addition, the taxation of the higher result in the reporting period had an impact.

After deducting income tax for the period, HVB Group generated a consolidated profit of €1,920 million in the reporting period, which is a noticeable €185 million higher (up 10.7%) than the consolidated profit of €1,735 million in the previous-year period.

The forecast made in the 2023 Annual Report of a significant improvement in profit before tax for the 2024 financial year was confirmed in the reporting year. The forecast of a significant rise in consolidated profit was not fully confirmed.

# Economic Report (Continued)

### Return on allocated capital
The profitability ratio return on allocated capital (RoAC) shows the annualised consolidated profit of HVB Group in relation to allocated capital. With RoAC, allocated capital is determined on the basis of the average risk-weighted assets (including equivalents for market risk and operational risk) whereby 13.00% equity is allocated to the average risk-weighted assets. In the reporting period, this ratio rose to 19.6% after 16.1% in the previous-year period. This increase is due to an improved consolidated profit coupled with lower risk-weighted assets.

As we had forecast, the RoAC is thus significantly higher than that of the previous-year period.

### Segment results by operating segment
The structure of the income statement used for internal management purposes is shown; any deviations to the presentation of the operating performance are described in detail in the "Segment reporting" section of the consolidated financial statements. When calculating totals, minor deviations might occur as a result of rounding.

| OPERATING INCOME (€ millions) | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| Retail | 1,442 | 1,405 |
| Corporates | 3,656 | 3,709 |
| Other | 364 | 303 |
| **Total** | **5,462** | **5,417** |

| NET OPERATING PROFIT/(LOSS) (€ millions) | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| Retail | 697 | 434 |
| Corporates | 1,984 | 2,197 |
| Other | 289 | 203 |
| **Total** | **2,969** | **2,835** |

| PROFIT/(LOSS) BEFORE TAX (€ millions) | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| Retail | 619 | 183 |
| Corporates | 1,897 | 1,849 |
| Other | 270 | 87 |
| **Total** | **2,787** | **2,119** |

| PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS)) (€ millions) | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| Retail | 437 | 155 |
| Corporates | 1,291 | 1,472 |
| Other | 191 | 91 |
| **Total** | **1,918** | **1,718** |

# Economic Report (Continued)

**General comments on the business situation in 2024 and comparison with last year's expectations**
Similar to the previous years, the 2024 reporting year was marked by the ongoing conflict between Russia and Ukraine as well as a slowdown in German economic activity. The high inflation rates of previous years caused by the sharp increase in energy prices and the cost of living are declining as a whole but are still above the ECB's target of 2%. Major central banks, such as the ECB or the FED, changed their approach started in 2022 to significantly tighten monetary policy and continually lowered key interest rates from the second quarter of 2024 onwards. In 2024, the 3-month Euribor fell from positive 391 basis points at the outset of 2024 to positive 271 basis points at year-end 2024.

Operating income was up by a moderate €359 million, or 7.0%, to €5,468 million in the reporting period compared with the previous-year period. The main drivers of this development were the significant rise of €356 million in net other expenses/income and the significant increase of €224 million in gains on financial assets and liabilities at fair value. Similarly, net fees and commissions rose moderately (up 3.5%). These developments more than compensated for the noticeable decline in net trading income (down €159 million compared with 2023) and the moderate decrease in net interest (down €131 million compared with 2023).

Compared with 2023, operating costs were down by a noticeable 8.3% to €2,318 million in the reporting period in line with the UniCredit Unlocked strategic plan. By contrast, net additions to net write-downs of loans and provisions for guarantees and commitments rose significantly from €167 million in the previous-year period to €270 million in the reporting period. As a result, additions to specific valuation allowances rose significantly from €280 million in the previous-year period to €536 million in the reporting period while there was a net reversal of €266 million in portfolio valuation allowances (general loan loss provisions - GLLP) after net reversals of €113 million in the previous-year period. After €309 million in the previous-year period, restructuring costs fell significantly to €114 million in the reporting period. The high expenses incurred in the previous year were partly due to the continuation of the UniCredit Unlocked strategic plan and the related adjustments made in staff planning. The implementation of the related strategic measures continued in the reporting year.

For the reasons named above, there was a significant rise of €651 million to €2,790 million (up 30.4%) in profit before tax in the reporting period after €2,139 million in 2023. In 2024, profit after tax was up noticeably by €185 million (up 10.7%) from €1,735 million to €1,920 million compared with the previous-year period despite significantly higher income tax (increase of €466 million or 115.3%).

As regards the forecast made in the 2023 Annual Report for 2024, there was a significant increase in profit before tax as expected despite the persistently challenging macroeconomic environment. With a noticeable increase (up 10.7%) in profit after tax, the significant increase that was forecast was not fully met.

Compared to the forecast, there was a lower decline in net interest than expected despite the average decline in interest rates, while the forecast of a significant increase in net fees and commissions was not achieved. There was a noticeable decline in operating costs. As a result, the forecast of a moderate decline made in the 2023 Annual Report was exceeded. By contrast, the expectation of a significant decline in net additions to net write-downs of loans and provisions for guarantees and commitments was not confirmed due to the uncertain macroeconomic situation in 2024.

# Economic Report (Continued)

At 40.6%, the cost-income ratio based on the segmented income statement, which is relevant for the corporate management and planning of HVB Group, is noticeably lower than the level in 2023 (44.3%), thus exceeding the projected development of a moderate improvement. The RoAC rose significantly to 19.6% in the reporting period after 16.1% in the previous-year period, thus confirming the projected significant improvement over 2023.

The CET1 capital ratio in accordance with approved consolidated financial statements comes to 23.8% at year-end 2024 (year-end 2023: 22.7%), thus exceeding the forecast of an almost unchanged development compared with the previous year. The increase in the CET1 capital ratio is attributable to the decrease in risk-weighted assets, also as a result of continued capital efficiency measures.

Overall, the earnings position and profitability of HVB Group continued to improve at a high level in the 2024 financial year, which is reflected in a significant increase in the RoAC and a significant rise in profit before tax. The assets, liabilities and financial position of HVB Group also continued to develop well. This enabled the regulatory capital ratios to be improved and the leverage ratio to be kept consistently well above the minimum required by law. Furthermore, the liquidity position is still good. This can be seen by the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) of HVB, which were also consistently above the minimum requirements over the course of the year.

## Financial situation

### Total assets

The total assets of HVB Group came to €290.2 billion as at 31 December 2024 after €283.3 billion as at 31 December 2023 and, with an increase of €6.9 billion or 2.4%, thus remained virtually unchanged compared with year-end 2023.

On the assets side, cash and cash balances fell significantly by €16.4 billion and amount to €6.9 billion as at the reporting date compared with €23.3 billion as at year-end 2023. This decline is due to lower credit balances with central banks (down €16.4 billion), in particular as a result of the final repayment of TLTRO-III funds (down €5.8 billion) and cash outflows to increase securities holdings. Credit balances with central banks total €6.5 billion as at the reporting date compared with €22.9 billion as at 31 December 2023.

At €68.4 billion as at 31 December 2024, financial assets held for trading are down by €0.2 billion or 0.3% and are thus virtually unchanged compared with the €68.6 billion as at year-end 2023. Partly as a result of the centralisation of the trading activities within the UniCredit corporate group, the distribution of the sub-items of the on-balance sheet financial instruments classified as financial assets held for trading has changed. There is a significant decline of €3.8 billion to €2.5 billion in the volume of fixed-interest securities held for trading mainly as a result of the transfer to UniCredit S.p.A. This decline is more than compensated for by the significant increases of €1.8 billion in equity instruments and €2.2 billion in other financial assets held for trading.

The portfolio of financial assets at FVTPL, which consists mainly of securities, declined significantly by €0.7 billion, or 21.9%, to €2.5 billion as at the reporting date compared with year-end 2023 (year-end 2023: €3.2 billion). This development is due to changes in volumes and measurement effects. Fixed-income securities were down significantly from €1.6 billion as at year-end 2023 to €0.9 billion.

# Economic Report (Continued)

The volume of financial assets at FVTOCI, which consist exclusively of securities, increased a significant €4.6 billion to €13.9 billion compared with year-end 2023 (€9.3 billion). This increase is primarily due to changes in holdings through additional purchases of securities.

As at the reporting date, loans and receivables with banks had increased significantly by €4.6 billion to €24.2 billion compared with year-end 2023. This is attributable to the significant increase in cash collateral and pledged credit balances (up €4.3 billion to €8.2 billion) and in securities (up €2.6 billion to €8.7 billion). By contrast, the volume of reverse repos fell by a significant €2.2 billion to €4.9 billion in the reporting period.

Loans and receivables with customers increased moderately by €8.1 billion to €162.6 billion. This development is largely due to the significant increase in securities (up €6.7 billion to €35.8 billion) and the moderate increase in the volume of other loans and receivables (mainly other loans, instalment loans, term deposits and refinanced special credit facilities) by €2.4 billion to €60.6 billion.

There was a significant increase of €7.5 billion in the hedging derivatives portfolio on the assets side as at the reporting date (year-end 2023: €0.4 billion). The higher volume is due to the impact of centralising trading activities within the UniCredit corporate group and in particular due to externalising the interest rate risk via UniCredit S.p.A. as of the second half of 2024. As a result of this, HVB concluded back-to-back derivatives with UniCredit S.p.A. The gross volume of hedging derivatives is thus disclosed for the reporting date as at 31 December 2024. Year-end 2023 reflects a net disclosure of hedging derivatives from externalising the interest rate risk via HVB with central counterparties for whom the requirements for net disclosure were met. This has likewise resulted in a significant increase of €10.3 billion to €10.4 billion in hedging derivatives on the liabilities side.

On the liabilities side, the item “Deposits from banks” was noticeably down by €5.2 billion, or 14.6%, to €30.5 billion as at the reporting date (year-end 2023: €35.7 billion). Within this total, there was a significant decline of €5.7 billion to €1.5 billion in deposits from central banks. As at the balance sheet date, deposits from central banks no longer include any deposits from the participation in the TLTRO -III programme.

Compared with year-end 2023, deposits from customers, which were up by €3.0 billion to €142.6 billion, remained virtually unchanged. The significant reduction in savings deposits (down €2.0 billion to €3.7 billion) is offset by the significant rise in repos (up €3.0 billion) and the moderate increase in term deposits (up €1.8 billion to €50.1 billion).

With a decline of €0.7 billion to €33.6 billion, debt securities in issue remained virtually unchanged compared with year-end 2023. Within this total, there was a moderate decrease of €0.8 billion (down 4.4%) to €17.5 billion in the volume of Mortgage Pfandbriefe.

With an increase of €0.2 billion to €48.7 billion, financial liabilities held for trading remained virtually unchanged compared with year-end 2023 (€48.5 billion).

# Economic Report (Continued)

At €3.6 billion as at the reporting date, financial liabilities at FVTPL, which primarily contain own structured issues, fell significantly by 23.4% compared with 31 December 2023 (€4.7 billion). This development is due to changes in volumes and measurement effects.

At €19.9 billion as at the reporting date, shareholders' equity shown in the balance sheet remained virtually unchanged compared with year-end 2023.The profit available for distribution is noticeably higher by €0.2 billion as at 31 December 2024 compared with year-end 2023. By contrast, other provisions were down by €0.2 billion.

Further and more detailed information on the individual items in the balance sheet is contained in the "Notes to the Balance Sheet" and in "Other Information" in the notes to the consolidated financial statements.

Contingent liabilities and other commitments not recognised in the balance sheet totalled €137.6 billion as at the reporting date compared with €135.8 billion as at year-end 2023. This figure includes contingent liabilities in the form of financial guarantees of €30.3 billion (year-end 2023: €29.7 billion) and other commitments of €107.3 billion (year-end 2023: €106.0 billion) mainly related to irrevocable and revocable credit commitments. These contingent liabilities are offset by contingent assets of the same amount.

**Risk-weighted assets, key capital ratios and leverage ratio of HVB Group**
The total risk-weighted assets of HVB Group (including market risk and operational risk) determined in accordance with the Capital Requirements Regulation (Kapitaladäquanzverordnung – CRR II) amounted to €66.2 billion as at 31 December 2024 and were thus €3.6 billion lower than as at year-end 2023 (€69.8 billion), also as a result of continued measures to increase capital efficiency in line with the group-wide UniCredit Unlocked strategic plan. Risk-weighted assets for credit risk (including counterparty default risk) fell by €3.3 billion to €53.7 billion, partly due to lower exposure. Risk-weighted assets for market risk were down by €0.1 billion and came to €4.2 billion. Furthermore, risk-weighted asset equivalents for operational risk declined by €0.2 billion to €8.3 billion.

As at 31 December 2024, Common Equity Tier 1 capital compliant with the CRR II excluding hybrid capital (CET1 capital) totalled €15.7 billion and Tier 1 capital €17.4 billion. Tier 1 capital decreased slightly compared with year-end 2023 (€17.6 billion in accordance with approved consolidated financial statements). The CET1 capital ratio (ratio of Common Equity Tier 1 capital to the total amount of credit risk-weighted assets and risk-weighted asset equivalents for market risk and operational risk) and the Tier 1 capital ratio under the CRR II (including market risk and operational risk) were 23.8% and 26.3% respectively as at 31 December 2024 (31 December 2023: 22.7% and 25.2% respectively). Own funds came to €18.7 billion as at 31 December 2024 (31 December 2023: €18.9 billion in accordance with approved consolidated financial statements). The own funds ratio was 28.2% as at 31 December 2024 (31 December 2023: 27.1%). The increase in the ratios is attributable to the decrease in risk-weighted assets.

The leverage ratio is determined by dividing the Tier 1 capital measure by the total exposure measure. The total exposure measure is the sum total of the exposure values of all assets and off-balance sheet items. The leverage ratio of HVB Group came to 5.7% as at 31 December 2024 (31 December 2023 in accordance with approved consolidated financial statements: 5.7%) and is thus significantly higher than the minimum requirement of 3.0%.

# Economic Report (Continued)

**Ratings**
HVB's creditworthiness and credit rating are assessed by the credit rating agencies Moody's Investors Service Inc. (Moody's), Fitch Ratings Limited (Fitch) and Standard & Poor's Credit Market Services Europe Limited (S&P). The credit rating agencies Moody's, Fitch and S&P commissioned by HVB are registered and certified as credit rating agencies in line with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 ("CRA Regulation").

***Moody's***
Moody's affirmed HVB's ratings on 2 October 2024. The outlook was adjusted from 'stable' to 'positive'. The rating decision concerning HVB followed a rating move for the Italian parent company UniCredit S.p.A.

HVB's rating reflects the Bank's consistently sound and resilient credit profile that is supported by diversified business areas. In its rating assessment, Moody's emphasises HVB's improved profitability and the sustained very strong capital base underpinning its credit profile. The affirmation also reflects the Bank's robust refinancing and liquidity profile. Although Moody's would assess HVB's financial profile with a 'baa1', its stand-alone rating is currently limited to 'baa2' - a notch above that of its parent company. From Moody's perspective, this takes account of existing interdependencies and Moody's assumptions regarding the resolution strategy. However, the positive rating outlook shows that HVB's stand-alone rating would improve if the stand-alone rating of UniCredit S.p.A. were to be upgraded.

***Fitch Ratings***
On 5 November 2024, Fitch raised HVB's ratings by one notch, leaving the outlook as 'stable'. The rating move for HVB followed the upgraded ratings of its Italian parent company UniCredit S.p.A.

HVB's long-term issuer default rating was raised from 'BBB+' to 'A-' while the short-term issuer default rating was affirmed at 'F2'. The derivative counterparty rating improved from 'A-(dcr)' to 'A(dcr)' and the rating for deposits as well as the rating for preferred senior unsecured bonds rose from 'A-/F2' to 'A/F1'. In addition, the rating for senior non-preferred debt was upgraded from 'BBB+' to 'A-'. HVB's stand-alone rating (viability rating) improved from 'bbb+' to 'a-'.

In its credit rating assessment, Fitch emphasises the greater resilience of HVB's business profile, HVB's continuous increase in profitability in recent years, stable asset quality, sound capital base and HVB's consistently robust refinancing and liquidity profile. Fitch is still limiting HVB's stand-alone rating to a notch above the long-term issuer default rating of its parent company. This is intended to show that, from the rating agency's perspective, HVB's business profile is linked to the risk profile of UniCredit S.p.A. as HVB acts as the investment banking and markets hub of the corporate group. However, Fitch emphasises that as a result of the improved financial profile of UniCredit S.p.A., the risks of contagion for HVB, which could ensue from weaker performance by the parent company, have declined. The stable outlook of HVB indicates that the assessment of HVB's independent financial profile is in line with the current rating level of the stand-alone rating of 'a-' and a further rating improvement of the parent company would not automatically trigger an upgraded rating at HVB at the current time.

The long-term issuer default rating of HVB is largely determined by the Bank's own credit strength, which is reflected in its stand-alone rating. The ratings and the outlook were affirmed on 6 December in the course of a regular annual credit rating assessment.

# Economic Report (Continued)

***Standard & Poor's***

S&P affirmed HVB's ratings during a routine credit review on 28 February 2024. The outlook is 'stable'. HVB's issuer credit rating stands at 'BBB+/A-2', the resolution counterparty rating at 'A-/A-2' and the rating for preferred senior unsecured debt instruments at 'BBB+'. The rating outlook reflects S&P's expectation that HVB's capital base will remain at a high level despite a deterioration expected in the economic environment and that HVB's financial results will continue to remain stable. In addition, the outlook shows that HVB's financial and operating interdependencies will not increase in the context of implementing UniCredit's Single Point of Entry (SPE) resolution strategy. Although S&P rarely awards a rating to subsidiaries with an SPE resolution strategy higher than that of the parent company, HVB's rating is a notch higher than the ratings of UniCredit S.p.A. In its credit rating assessment, S&P emphasises that HVB's ratings continue to be supported by a strong capital base, the Bank's solid market position in corporate banking, its diversified and stable funding base and other measures.

# Group Parent Company Information (HGB)

**Group parent company information (HGB)**
UniCredit Bank GmbH (HVB) has made use of the option provided in Section 315 (5) of the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with Section 298 (2) HGB and has combined HVB's Management Report with the Group Management Report of HVB Group.

As the Group parent company, HVB determines the business development of HVB Group. The management is carried out on the basis of IFRS results in line with the internal management of UniCredit S.p.A. The statements made for HVB Group in this Combined Management Report also apply to HVB to a large extent.

Due to the different accounting standards (HGB instead of IFRS), the operating performance and financial position of HVB is dealt with separately. This is done below. Please see the notes to the annual financial statements of HVB for further details.

# Group Parent Company Information (HGB) (Continued)

## Operating performance of UniCredit Bank GmbH (HVB)

| INCOME STATEMENT | 1/1-31/12/2024 € millions | 1/1-31/12/2023 € millions | CHANGE € millions | CHANGE in % |
|---|---|---|---|---|
| Interest income | 9,567 | 8,694[1] | 873 | 10.0 |
| Current income from equity securities and other variable-yield securities, participating interests, shares in affiliates | 375 | 245 | 130 | 53.1 |
| Income earned under profit-pooling and profit-and-loss transfer agreements | 22 | 83 | (61) | (73.5) |
| Interest payable | (6,810) | (6,038) | (772) | 12.8 |
| Net interest income | 3,154 | 2,984 | 170 | 5.7 |
| Fees and commissions receivable | 1,518 | 1,504[1] | 14 | 0.9 |
| Fees and commissions payable | (324) | (366) | 42 | (11.5) |
| Net fees and commissions | 1,194 | 1,138 | 56 | 4.9 |
| Net income from the held-for-trading portfolio | 1,043 | 1,231 | (188) | (15.3) |
| Other operating income | 302 | 388 | (86) | (22.2) |
| Other operating expenses | (53) | (68) | 15 | (22.1) |
| Other operating income less other operating expenses | 249 | 320 | (71) | (22.2) |
| **OPERATING INCOME** | **5,640** | **5,673** | **(33)** | **(0.6)** |
| Wages and salaries | (1,088) | (1,367) | 279 | (20.4) |
| Social security costs and expenses for pensions and other employee benefits | (213) | (206) | (7) | 3.4 |
| Payroll costs | (1,301) | (1,573) | 272 | (17.3) |
| Other administrative expenses | (1,170) | (1,515) | 345 | (22.8) |
| of which standard amortisation and depreciation on intangible assets and property, plant and equipment | (41) | (51) | 10 | (19.6) |
| General administrative expenses | (2,471) | (3,088) | 617 | (20.0) |
| **OPERATING RESULT BEFORE PROVISIONS FOR LOSSES ON LOANS AND RECEIVABLES** | **3,169** | **2,585** | **584** | **22.6** |
| Write-downs and impairments of receivables and certain securities as well as allocations to provisions for losses on guarantees and indemnities | (378) | (148) | (230) | 155.4 |
| Income from write-ups of receivables and certain securities as well as from the reversal of provisions for losses on guarantees and indemnities | — | — | — | n/a |
| Provisions | (378) | (148) | (230) | 155.4 |
| Write-downs and impairments of participating interests, shares in affiliates and investment securities | (4) | (71) | 67 | (94.4) |
| Income from write-ups of participating interests, shares in affiliates and investment securities | — | — | — | n/a |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (60) | (240) | 180 | (75.0) |
| Expenses from absorbed losses | (61) | (119) | 58 | (48.7) |
| Other income less other expenses | (125) | (430) | 305 | (70.9) |
| Extraordinary expenses | — | — | — | n/a |
| Extraordinary income | 1 | 650 | (649) | (99.8) |
| Extraordinary income/expenses | 1 | 650 | (649) | (99.8) |
| Income from funds for general banking risks in accordance with Section 340g HGB | 129 | — | 129 | n/a |
| **PROFIT BEFORE TAX** | **2,796** | **2,657** | **139** | **5.2** |
| Tax | (876) | (524) | (352) | 67.2 |
| **NET INCOME FOR THE YEAR** | **1,920** | **2,133** | **(213)** | **(10.0)** |
| Transfer to the reserve for shares in a controlling or majority interest-holding company | (67) | (33) | (34) | 103.0 |
| Withdrawal from the reserve for shares in a controlling or majority interest-holding company | — | — | — | n/a |
| Transfer to other retained earnings | — | (408) | 408 | (100.0) |
| Withdrawal from other retained earnings | 67 | 33 | 34 | 103.0 |
| **PROFIT AVAILABLE FOR DISTRIBUTION** | **1,920** | **1,725** | **195** | **11.3** |

n/a – of no informative value or change greater than 200%

1 Adjustment of previous year.

# Group Parent Company Information (HGB) (Continued)

**Net interest income**
At €3,154 million, net interest income generated in the reporting period – interest income less interest payable – including current income from equity securities and other variable-yield securities, participating interests and shares in affiliates as well as income from profit-pooling and profit-and-loss transfer agreements is moderately higher than the previous-year figure at €2,948 million.

The noticeably higher interest income of €9,567 million (previous-year period: €8,694 million) largely contributed to the increase in net interest income. This is mainly due to higher current interest income (up €764 million) from increased holdings of bonds and other fixed-income securities in the investment and liquidity reserve portfolios.

This was set against noticeably higher interest payable for deposits from customers of €2,657 million (previous-year period: €1,979 million), driven above all by higher interest payable (up €669 million) in the short-term deposit-taking business.

Interest income less interest payable increased in the reporting period to €2,757 million (previous-year period: €2,656 million).

Income from profit-and-loss transfer agreements declined in the reporting period to €22 million after €83 million in the previous-year period, due mainly to lower contributions to earnings from affiliated (real estate) companies

Current income increased significantly on account of higher dividend income from securities held for trading by €130 million to €375 million (previous-year period: €245 million) and therefore contributed to the increase in net interest income.

**Net fees and commissions**
At €1,194 million in the reporting period, net fees and commissions were higher than the previous year's level of €1,138 million. This is attributable to the increase in fees and commissions receivable from the other lending and credit business, asset management as well as the decline in fees and commissions payable in the securities and portfolio business.

**Net income from the held-for-trading portfolio**
Net income from the held-for-trading portfolio decreased significantly compared with the previous-year period from €1,231 million to €1,043 million in the reporting period. Income from the strong business in the area of equity products as well as stable contributions from the area of fixed income, currencies and commodities were the main contributors to total income. Trading activities in interest risk rate management and the related profit and loss components were transferred to UniCredit S.p.A. Furthermore, trading income reflects a generally stable, high level of market interest rates that fell slightly in the second half of the year. A corresponding countereffect was seen in net interest income.

**Other operating income less other operating expenses**
Other operating income less other operating expenses saw a significant reduction from €320 million in the previous-year period to €249 million in the reporting period. There was a decline in net reversals of and additions to provisions not affecting the lending and securities business (€113 million, previous-year period: €170 million). The net earnings contribution from liabilities from pension obligations of minus €16 million in the reporting period after minus €5 million in the previous-year period also contributed to the decline.

# Group Parent Company Information (HGB) (Continued)

**General administrative expenses**
General administrative expenses were down significantly compared with the previous-year period by €617 million to €2,471 million (previous-year period: €3,088 million).

This is the result of the decline in payroll costs of €272 million to €1,301 million (previous-year period: €1,573 million). Lower restructuring costs (€185 million) for severance payments or early retirement schemes were incurred compared with the previous-year period. Current wages and salaries also declined by €56 million in the reporting period as a result of the restructuring measures taking effect.

Furthermore, other administrative expenses decreased by €345 million to €1,170 million (previous-year period: €1,515 million) essentially due to the discontinuation of the bank levy (€179 million), declining expenses for buildings and office space (€50 million). In addition, expenses in connection with banking operations were reduced further by €73 million.

**Operating result before provisions for losses on loans and receivables**
The operating result before provisions for losses on loans and receivables rose significantly year on year by €584 million to €3,169 million. This positive development was influenced mainly by the increase in net interest income as well as the decline in general administrative expenses. Lower net income from the held-for-trading portfolio compared with the previous year had a compensatory effect.

This results in a very significant decline in the cost-income ratio (ratio of general administrative expenses to operating income) to 43.8% after 54.4% in the previous-year period.

**Provisions for losses on loans and receivables**
Provisions for losses on loans and receivables amounted to minus €378 million in the reporting period (previous-year period: minus €148 million). The net measurement loss on lending operations contained in provisions for losses on loans and receivables amounted to €218 million (previous year: €166 million).

In the 2024 reporting period, a net amount of €270 million in general loan loss revisions (GLLP) was reversed (previous-year period: reversal of €111 million). When calculating the expected credit losses, the models used basically reflect a changed macroeconomic situation. In addition, overlays were applied for certain sub-portfolios that are particularly sensitive to specific risks. These overlays are to be considered supplementary measures to the expected credit loss models. On the one hand, these risks are geopolitical risks caused by the sudden increase in energy costs, inflation and interest rates for both companies and private individuals. On the other hand, these are risks that have arisen especially in the commercial real estate and construction industry (CRE) as a result of the ongoing high level of interest rates, higher construction costs, decline in orders, falling property prices and lower rental income.

# Group Parent Company Information (HGB) (Continued)

The following reversals and additions were recognised for portfolio allowances in the reporting period: During the reporting period, both overlays were utilised as a result of changing to specific loan loss allowances and there were further reversals due to a methodological adjustment made to take account of macroeconomic scenarios in the overlays. Through the technical implementation of a new LGD model, a post-model adjustment applied in 2023 was reversed which led to a reversal of GLLPs overall as the increase caused by the new model when it was introduced was smaller than anticipated by the post-model adjustment. Furthermore, there was a reversal as a result of removing a model-internal calibration factor to take account of uncertainties during the COVID-19 period and the Russia-Ukraine conflict. A reversal also resulted from regular portfolio development. The effects of implementing a new transfer logic model and a recalibration of this model taking place later in the reporting year have largely offset each other. There was an addition due to the introduction of parameters that cover risks in connection with the ESG framework. In terms of the macroeconomic situation, a slight deterioration in the outlook has resulted in additions to the GLLPs.

In the reporting period, net additions to specific loan loss provisions total minus €559 million after net additions of minus €316 million in the previous-year period. Additions to specific loan loss provisions on account of defaults were only partially compensated by reversals of existing specific loan loss provisions. The year-on-year increase in net additions reflects the persistently challenging macroeconomic environment and was significantly influenced by the default of individual corporate customer exposures.

A net loss of €160 million was generated with securities held for liquidity purposes in the reporting period after a net gain of €18 million in the previous-year period.

**Other income less other expenses**
The negative balance of other income less other expenses fell significantly from minus €430 million in the previous-year period to minus €125 million in the reporting period.

Unscheduled depreciation on property, plant and equipment totalled €60 million in the reporting period compared with €240 million in the previous-year period.

In addition, a significantly lower amount of €61 million (previous-year period: €119 million) was recognised in the reporting period from expenses from absorbed losses, which are mainly attributable to affiliates of HVB and its subsidiaries. The sale of shares in affiliates generated proceeds of €40 million in the reporting period. The write-up of the carrying amounts of affiliates in the amount of €19 million contributed to the positive result.

**Extraordinary income/expenses**
Extraordinary income/expenses declined by €649 million in the reporting period as the previous-year period included a gain generated on the merger of affiliated (real estate) companies with HVB.

There were no significant business transactions that led to extraordinary income or expenses in the reporting period.

**Profit before tax**
At €2,796 million, profit before tax increased moderately compared with the previous-year profit of €2,657 million. This figure includes a reversal of the special item “Fund for general banking risks” pursuant to Section 340g HGB amounting to €129 million. The reversal is based on the revaluation of the special item taking into account the successful implementation of the multi-year plan 2021 to 2024 as part of the UniCredit Unlocked strategic plan.

# Group Parent Company Information (HGB) (Continued)

**Tax**
There was tax expense of €876 million in the reporting period (previous-year period: tax expense of €524 million). The increase is attributable in particular to the fact that the previous year included tax income from previous years totalling €315 million, whereas tax income from previous years of €2 million is included in the reporting period. The positive profit development in the reporting period also had an impact.

Owing to the exercise of the capitalisation option for deferred tax assets since the 2022 reporting year, overall tax expense also includes a deferred tax expense of €48 million (previous-year period: tax expense of €144 million) due essentially to the change in temporary differences.

**Net income for the year and appropriation of profit**
HVB generated net income for the year of €1,920 million in 2024. It was therefore noticeably lower by €213 million (down 10.0%) than net income for the year in 2023 as a result of a significantly higher tax expense.

In the 2024 financial year, the profit available for distribution disclosed in the annual financial statements of HVB, which forms the basis for the appropriation of profit, amounts to €1,920 million. We will propose to the Shareholders' Meeting that the profit available for distribution of €1,920 million be paid to UniCredit S.p.A. (UniCredit), Milan, Italy. This represents a profit distribution of around €2.39 per share after around €2.15 per share for the 2023 financial year. The profit available for distribution of €1,725 million reported in the previous year (net income for the year of €2,133 million less the amount of €408 million transferred to other retained earnings) was paid to UniCredit S.p.A. on 6 May 2024 in accordance with a resolution adopted by the Shareholders' Meeting on 25 March 2024.

## Financial position

**Total assets**
HVB's total assets amounted to €263.5 billion as at 31 December 2024. This represents a decline of €9.4 billion compared with year-end 2023.

At €2.9 billion, the "Cash and cash balances" item increased by €0.6 billion compared with 31 December 2023. Within this total, the balances with central banks amounted to €2.5 billion (year-end 2023: €1.9 billion). Cash on hand came to €0.4 billion (year-end 2023: €0.4 billion).

Loans and receivables with banks fell significantly by €15.2 billion to €16.1 billion compared with year-end 2023. The main reason for this is the decrease in overnight deposits (down €17 billion) under the deposit facility of the Deutsche Bundesbank. This includes outflows for the repayment of TLTRO III funds (down €5.8 billion) as well as to increase securities holdings of around minus €14.9 billion. Securities lending transactions had a compensatory effect.

# Group Parent Company Information (HGB) (Continued)

Compared with 31 December 2023, loans and receivables with customers were almost unchanged at €121.3 billion. A noticeable increase in term deposits (up €0.5 billion) and a significant increase in promissory notes (up €1.9 billion) was set against an almost unchanged volume of mortgage loans (down €0.9 billion) and a noticeably lower volume (down €1.2 billion) of refinanced special credit facilities.

The holdings disclosed under securities (without held-for-trading portfolios) increased by €15.2 billion, mainly as a result of purchases, to €78.5 billion as at the reporting date. There were increases in both the volume of own bonds (up €3.6 billion) and third-party bonds (up €11.9 billion).

At €39.4 billion, financial assets held for trading were significantly lower than the level of €49.4 billion at year-end 2023. The decline is due in large part to the €10.0 billion decrease in derivative financial instruments. This is essentially the result of the change in the externalisation of interest rate risk outside the valuation units from the held-for-trading portfolio to the banking book against the backdrop of the centralisation of trading activities within the UniCredit corporate group. This also has the effect of reducing holdings of bonds and other fixed-income securities.

Compared with year-end 2023, the shareholdings disclosed under participating interests and shares in affiliates were almost unchanged at €0.7 billion.

In the 2024 reporting year, property, plant and equipment amounted to €1.6 billion. This item is €0.1 billion lower compared with 31 December 2023 due to scheduled and unscheduled write-downs.

There was a decrease in volumes on the liabilities side in line with the development on the assets side.

The change in deposits from banks (down €1.9 billion to €28.8 billion) is mainly the result of a decline in deposits. Lower fixed-term deposits (down €4.9 billion) and lower receivables from refinanced special credit facilities (down €1.2 billion) contributed in particular to the decrease. This was offset by an increase in securities lending transactions of €4.3 billion.

Deposits from customers were up by €1.9 billion to €146.5 billion. This is primarily attributable to the increase in call money of €2.6 billion, in fixed-term deposits of €1.8 billion as well as in securities lending transactions of €3.0 billion. This was set against a €2.0 billion decline in savings deposits as well as a €3.1 billion reduction in demand deposits from current customer accounts.

Debt securities in issue rose by €2.5 billion to €37.4 billion as a result of new issues.

There was a significant decline in liabilities held for trading (down €11.3 billion to €15.6 billion). This was due mainly to a very significant decline in the volume of derivative financial instruments of €9.9 billion, which is attributable primarily to the change in the externalisation of interest rate risk outside the valuation units from the held-for-trading portfolio to the banking book as a result of the centralisation of the trading activities within the UniCredit corporate group.

At €3.4 billion, the “Provisions” item was €0.3 billion lower compared with year-end 2023.

# Group Parent Company Information (HGB) (Continued)

Shareholders' equity increased by €0.2 billion to €16.8 billion compared with year-end 2023. The dividend payout of €1.7 billion for the previous year is offset by net income for the year of €1.9 billion in 2024. The subscribed capital and the additional paid-in capital remained unchanged compared with the previous year.

The return on assets is defined in Section 26a KWG as the ratio of net profit to total assets. This amounted to 0.729% as at 31 December 2024 (31 December 2023: 0.782%).

Contingent liabilities and other commitments not recognised in the balance sheet increased slightly to €99.5 billion (year-end 2023: €99.0 billion). This figure includes contingent liabilities (€30.2 billion) from general loan guarantees (€0.5 billion), transaction-related guarantees (€28.1 billion) and trading-related guarantees (€1.5 billion). Other commitments of €69.3 billion (year-end 2023: €69.4 billion) consist solely of irrevocable lending commitments.

**Risk-weighted assets, key capital ratios, leverage ratio and liquidity ratios of HVB**
Parent companies of a group of institutions within the meaning of the regulatory group of consolidated companies in an EU member state may submit an application pursuant to Section 2a (1) KWG in conjunction with Article 7 (3) and Article 6 (1) and (5) CRR for the waiver of certain obligations on individual institution level.

As the ultimate parent company of HVB Group, HVB has made use of this regulation since January 2024.

The fulfilment of the requirements for using the waiver regulation was reported to the supervisory authorities by means of an application and approved by the supervisory authorities. As the supervised parent company of HVB Group, HVB is therefore permitted to take account of certain regulatory requirements, including risk-weighted assets, key capital ratios and leverage ratios, only on a consolidated group basis.

As no regulatory reporting of the liquidity ratios is carried out for HVB Group, these ratios are therefore presented in this report as in previous years for the individual bank.

The liquidity coverage ratio (LCR) is calculated as the ratio of high-quality liquid assets to total net cash flows. HVB's LCR amounted to 140% on a twelve-month average as at 31 December 2024 (31 December 2023: 148%). The required LCR of a minimum of 100% to ensure that an institution is able to meet its short-term payment obligations was also consistently met in the course of 2024 at the level of the combined liquidity sub-group consisting of UniCredit Bank GmbH and UniCredit Leasing Finance GmbH.

The net stable funding ratio (NSFR) is calculated as the ratio of the amount of available stable funding to the amount of required stable funding. HVB's NSFR amounts to 113.1% as at 31 December 2024 (31 December 2023: 118.5%). The valid NSFR requirement of a minimum of 100% to ensure the availability of a reasonable share of stable funding was consistently met in the course of 2024.

# Forecast Report/Outlook

The Combined Management Report and the consolidated financial statements include statements, expectations and forecasts also concerning the future. These statements, expectations and forecasts are based on plans and estimates that are supported by the information available to us at the present time. We assume no obligation to update these statements in the light of new information or future events. Forward-looking statements may entail known or unknown risks and uncertainties and the actual results and developments may thus differ significantly from those expected at present. Such discrepancies may result particularly from changes to the general economic situation and the competitive situation, developments on international capital markets, the possible default of borrowers or contracting parties in commercial transactions, the implementation of restructuring measures, amendments to national and international legislation relating in particular to supervisory and tax regulations, the reliability of our risk-management procedures and methods as well as other risks, some of which are described in detail in the Risk Report.

As already stated in the 2023 Annual Report, HVB uses the following adjectives to describe the intensity of changes, particularly in the Financial Review: “virtually unchanged”, “moderate”, “noticeable” and “significant”. The ranges used to describe the changes remain unchanged.

## General economic outlook

HVB Group expects the momentum in the global economy to remain unchanged in 2025. Like in 2024, global GDP is likely to increase by 3.2% (*UniCredit Group Investment Strategy, The Compass 2025, published on 2 December 2024*). Lower inflation rates, further interest rate cuts by central banks, a more expansive monetary policy in the USA and China coupled with the absence of major imbalances in the global economy are likely to support the global economy. However, the outlook for 2025 entails risks, in particular due to geopolitics. Examples of this are the uncertainties arising from the change of government in the USA as well as the developments in the Middle East and Ukraine. These might result in sudden price swings on international finance and commodity markets and thus weigh on the global economy. Companies and private households might also hold back on making investment and consumer decisions due to geopolitical uncertainties.

HVB Group expects that the US economy will be unable to quite maintain the pace of growth it saw in 2024 (up 2.8%) despite the tax cuts announced by the new US President Trump and that it will weaken in 2025 (up 2.1%) (*UniCredit Group Investment Strategy, The Compass 2025, published on 2 December 2024*). This is indicated by less dynamic growth in consumer spending as a result of a slower increase in employment and an already historically low savings rate. In addition, there is a likelihood of higher US tariffs on imported goods from abroad that might weigh on the propensity to consume of private households due to rising prices. HVB Group initially expects the US Federal Reserve to continue to cut the key interest rate by a total of 50 basis points to 4.0% by the end of the second quarter of 2025. In the second half of 2025, the Fed is then likely to leave the key interest rate at a comparatively high level in order to counter any risk of inflation due to higher US tariffs (*UniCredit Group Investment Strategy, The Compass 2025, published on 2 December 2024).*

The development of the real estate market is expected to remain weak and a declining population will most likely contribute to China's growth remaining subdued by historical standards. In addition, a persistently low level of private consumer spending is expected while exports and a more expansive monetary policy are likely to generate momentum. After growth of 5.0% in 2024, HVB Group expects growth of 4.5% in 2025 (*UniCredit Group Investment Strategy, The Compass 2025, published on 2 December 2024)*.

# Forecast Report/Outlook (Continued)

For the eurozone, HVB Group anticipates slight growth of 0.9% in 2025 (2024: up 0.7%). The inflation rate is expected to average 1.9% in 2025 after 2.4% on average in 2024. The ECB will probably ease its monetary policy further, resulting in the key interest rate (deposit rate) amounting to 1.75% at year-end 2025 (*UniCredit Group Investment Strategy, The Compass 2025, published on 2 December 2024)*.

At country level in the eurozone, HVB Group expects moderate GDP growth of 0.7% in Germany in 2025. Economic output in other larger countries of the eurozone is likely to see a similar moderate increase. In 2025, HVB Group also expects growth of 0.7% for France and growth of 0.8% for Italy (*UniCredit Group Investment Strategy, The Compass 2025, published on 2 December 2024)*.

A slight economic recovery in Germany in 2025 is indicated on the one hand by the fact that domestic demand in the form of higher private consumer spending is likely to recover somewhat. The combination of sharp wage increases and low inflation will probably support consumption. Although the creation of new jobs had already slowed noticeably in 2024, huge job cuts by companies is unlikely in view of staff shortages. Job cuts in industry are likely to be at least compensated by the creation of new jobs in the service sector. Besides a moderate recovery in consumer spending by private households, HVB Group also expects the construction industry to pick up again somewhat. Further interest rate cuts by the ECB as well as solid fundamental data such as a growing population and a low level of debt of private households will support the recovery. While the export-oriented German industry is expected to remain under pressure for the time being, in particular due to higher US tariffs, the tax cuts in the USA and a more expansive fiscal policy in China will probably lead to a stabilisation as the year 2025 progresses.

### Banking sector development in 2025

The European banking sector continued its very good performance in 2024. Net interest income in the European banking sector remained at a high level in 2024, while credit risk costs were maintained at a moderate level and capitalisation remained very good.

The deposit rate of the ECB fell by one percentage point after June, whereas from January to November 2024 the interest rate on savings deposits from households and companies with an agreed term fell by 0.68 and 0.83 percentage points respectively. Banks have thus managed to partly offset the ECB's interest rate cuts to date. In addition, banks in the eurozone have expanded their bond portfolios in order to secure higher interest for a longer period. The return on equity of European banks stood unchanged at 11.1% in the third quarter of 2024 compared with the same quarter in the previous year but significantly improved from 7.6% on average in 2022 and less than 4% in the period from 2009 to 2022 (European Banking Authority). Due to further expected interest rate cuts by the ECB in 2025, the dynamic growth in net interest income is expected to weaken. Nevertheless, the consensus estimate for the return on equity of the European banking sector is 11.3% for 2025 and 11.0% for 2026.

# Forecast Report/Outlook (Continued)

There were also improvements on the structural side for the profitability of European banks. Firstly, an acceleration in digital customer interaction was seen as a result of the COVID-19 pandemic, enabling a further structural adjustment of branch networks. Secondly, there were a number of national bank mergers primarily in Spain and Italy, which is likely to additionally boost profitability in the sector in the medium term. In Germany, the consolidation in the banking sector, which has been ongoing for years, also continued, albeit at a slower pace than in previous years. In 2023, the total number of banks fell by net 55 (previous year: 61) to 1,403 banks. By the end of October 2024, this figure had fallen by a further 29 banks (Deutsche Bundesbank). It is to be assumed that the process of consolidation among European banks will continue, although still focusing on domestic consolidation instead of large cross-border mergers. Moreover, the trend towards streamlining and focusing banks' business models continues, with a concentration on core areas and markets in strong competitive positions generating correspondingly higher margins. On the costs side, most banks are continuing to adapt their office space to hybrid working models, enabling a further optimisation of the cost structure.

The liquidity position of the banking sector remained very good despite TLTRO III repayments. The liquidity ratios (LCR and NSFR) were well above the regulatory minimum requirements of 100%. The excess liquidity of European banks declined further by €0.5 trillion in 2024 and totalled only €2.9 trillion as at 21 January 2025 compared with the peak of €4.7 trillion in 2022. Commercial banks paid back the last remaining TLTRO III funds in 2024, which went smoothly. The banking sector had a long time to prepare for the repayments, which also explains, among other things, the high volume of covered bonds issued since 2022. As regards customer deposits, private customer deposits at banks in Europe were up by 2.6% from January to November 2024, while deposits from the corporate sector were up by 1.8%. However, there were considerable differences between individual countries. While deposits increased significantly in Germany, Austria and Spain, there was only slight growth in deposits in Italy and declining deposits in France (ECB).

The average risk costs of European banks amounted to 0.51% of the outstanding loans in the first three quarters of 2024, which was slightly lower than the average of 0.53% over the last five years. The relative volume of non-performing loans increased slightly from 1.8% to 1.9% of the outstanding loans by the end of September 2024 compared with year-end 2023. The proportion of loans showing a significant increase in credit risk and classified at Level 2 according to IFRS 9 decreased to 9.2% as at 30 September 2024 compared with 9.6% at year-end 2023. The high proportion of Level 2 loans shows that the asset quality of European banks is expected to develop moderately negatively in 2025, but to a manageable extent due to the provisions still available and the significant improvement in profitability in the banking sector (European Banking Authority). The banks themselves anticipate stable to slightly higher risk costs in 2025 according to information provided in recent quarterly reports. The focus remains on commercial property financing, which accounts for 6.9% of the outstanding loans in the European banking sector. In 2024, the number of corporate insolvencies in Germany rose year on year by 16.8% which might be reflected in higher risk costs in 2025.

The capitalisation of banks remains at a high level. As at the end of September 2024, the average CET1 capital ratio of European banks amounted to 16.0% (on a fully loaded basis, EBA data). This more than met the regulatory minimum requirements, which are 9.8% for 2024 on average for banks supervised by the ECB. Over the course of 2024, the minimum capital requirements increased, particularly as a result of the increase in the countercyclical capital buffer in several countries. This will narrow the gap to the minimum capital requirements for banks somewhat, but banks will continue to significantly exceed the capital requirements on average. The average CET1 capital ratio in the banking sector remained almost constant in 2024, despite a greater focus on dividends and share buybacks (European Banking Authority).

# Forecast Report/Outlook (Continued)

To summarise, the banking sector in Europe and Germany is in good shape due to high profitability and capitalisation. The momentum seen in net interest income will weaken as further interest rate cuts by the European Central Bank will adversely affect the average net interest margin. However, profitability will continue to be supported by higher interest rates in the medium term and a return to negative interest as seen from 2014 to 2022 is unlikely. Despite this, banks will need to continue making further structural adjustments, such as digitalising their business processes further, adjusting branch networks and consolidating further in the banking sector.

**Development of HVB Group**
We are continuing to follow the guidelines of our UniCredit Unlocked strategic plan embedded in the group-wide strategic plan. The following statements on future development are based on the corporate planning of HVB Group and thus on the rules governing the segmented income statement.

The corporate planning adopted in November 2024 for the 2025 financial year was based on the macroeconomic scenario in October 2024. This assumes an average three-month Euribor of 2.3% for 2025. We expect the development in gross domestic product in Germany to be slightly positive in the planning period and the inflation rate to be less than 2%.

On this basis, we expect HVB Group to generate a noticeable improvement in profit before tax and a moderate improvement in profit after tax in the 2025 financial year compared with 2024 despite the persistently challenging macroeconomic and geopolitical environment (including Russia-Ukraine conflict, new president in the USA and new elections in Germany).

In this context, we expect a virtually unchanged result in net interest in 2025 compared with 2024 despite the average decline in interest rates.

For net fees and commissions, we anticipate a significant increase over the previous-year period. This growth can be achieved through higher commission income from the securities business under the premises of robust or slightly rising capital markets, active capital market business by corporate customers in open markets coupled with a good investment climate and demand returning in the lending business, partly due to political clarity about the way forward in decarbonisation.

For net trading income, we expect a significant decline in income compared with the previous-year period. This is partly due to the transfer of trading activities to UniCredit S.p.A. We thus expect lower refinancing costs for trading activities which will have a positive impact within net interest.

For operating income, we expect figures to remain virtually unchanged overall compared with the previous-year period.

Thanks to consistently efficient cost management, we anticipate operating costs in the 2025 financial year to remain virtually unchanged compared with 2024.

# Forecast Report/Outlook (Continued)

We expect the cost-income ratio in 2025 to also remain virtually unchanged compared with the previous-year period.

For net-write downs of loans and provisions for guarantees and commitments, we expect a significant decline in the 2025 financial year after recognising higher loan-loss provisions in the previous-year period.

We expect to see a significant decline in provisions for risks and charges compared with 2024.

For the RoAC, we anticipate a moderate improvement in 2025 compared with the previous-year period.

According to our expectations, the net operating profit of the Corporates operating segment will see a noticeable improvement compared with the 2024 financial year. While operating income and operating costs will remain virtually unchanged, we expect a significant decline in net write-downs of loans and provisions for guarantees and commitments. The cost-income ratio is likely to remain virtually unchanged whereas a noticeable improvement is expected in the RoAC and in the profit before and after tax.

For the Retail operating segment, we anticipate a moderate improvement in net operating profit in the 2025 financial year. We expect a significant increase in profit before tax and a noticeable increase in profit after tax compared with the 2024 reporting year. While we expect a moderate increase in operating income, operating costs will remain virtually unchanged. Net write-downs of loans and provisions for guarantees and commitments are expected to decline significantly. A noticeably positive development is expected in the RoAC. We also anticipate a moderate improvement in the cost-income ratio.

For the Other operating segment, we expect to see a significant decrease on a low level in net operating profit in 2025 compared with the previous-year period. This will be attributable to a significant decrease in operating income despite a noticeable decline in operating costs. Profit before and after tax, the cost-income ratio and the RoAC will also see a significantly negative trend.

For the 2025 financial year, we expect HVB Group to continue to have a solid capital base, albeit with a noticeable decline in the CET1 capital ratio compared with 2024.

### Opportunities in terms of future business policy and corporate strategy, performance and other opportunities

The opportunities described below are offset by risks, such as the ongoing conflict between Russia and Ukraine, the Middle East conflict, a growing number of populist governments and the associated political uncertainty or the strategic competition between the USA and China, which can restrict the exploitation of those opportunities and plans. The risks arising from the business policy and corporate strategy are described in the Risk Report.

As a universal bank, HVB Group is a member of one of the largest banking groups in Europe, UniCredit. HVB Group is one of the largest private financial institutions in Germany and operates in a domestic market which is the largest in the whole of Europe in terms of economic power and size of population. Moreover, Germany is one of the few countries in the world that continues to enjoy a financial rating of AAA. All in all, HVB Group can thus exploit its regional orientation combined with the network of a large European banking group covering four core regions.

# Forecast Report/Outlook (Continued)

Overall, this results in a number of opportunities:

HVB Group's objective in implementing the UniCredit Unlocked strategic plan is to sustainably increase profitability and capital efficiency. Its main focus is on growth in selected customer segments to increase the market share combined with an efficient service model and the creation of a unique customer experience. We will therefore be investing in automation and front-to-back process optimisation in the coming years. We are also forging ahead with a holistic approach to sustainability in accordance with the ESG principles.

We are continuing to make use of resources and opportunities to cooperate within UniCredit across country and company lines. In this context UniCredit is striving to simplify the structure of its trading activities. In order to do so, UniCredit's trading activities are being bundled at UniCredit S.p.A. HVB will integrate its back office activities in the area of securities custody services within the bank. This initiative reflects the Bank's ongoing efforts to simplify processes and further develop its securities business.

HVB Group has opportunities to recruit highly qualified employees and managers. Both the size of UniCredit and the strategic positioning of HVB Group have a beneficial impact on the recruitment of employees and managers. Promoting female managers at junior level is an explicit and essential component of our business strategy. Our corporate culture is based on a clearly defined system of values consisting of integrity, ownership and caring.

On account of its capital base, HVB Group is, in our opinion, already well prepared for the upcoming regulatory requirements and can take advantage of the growth opportunities that arise in the market.

The opportunities for the individual operating segments are as follows:

In the Retail operating segment, we are continuing to pursue our growth strategy. In Wealth Management and Private Banking, we intend to establish ourselves as one of Germany's leading providers in the coming years while further accelerating our growth path with high net worth individuals. Supported by our positioning as a quality provider, we are thus concentrating on growth and on increasing customer loyalty. We will also continue to fundamentally modernise the Private Clients Bank by enhancing our smart banking service model.

The Corporates operating segment is continuing to seek profitable, capital-efficient growth and an expansion of market shares in its corporate banking business through a high level of market penetration, its positioning as a principal or core bank and the acquisition of new customers. As a strategic partner, Corporates provides in-depth support for the entrepreneurial activities of its customers. Among other things, the most important challenges for customers include the topic of sustainability and digitalisation alongside the current geopolitical and macroeconomic uncertainties. For this reason, the growth initiatives of the Corporates operating segment are geared to these customer requirements. In addition, we will continue to forge ahead with the digital expansion of our processes and product solutions.

The operating segments benefit from the Client Solutions product unit. This unit underpins its commitment to quality in the customer business by focusing on a further exploitation of cross-selling potential through product solutions, such as intensifying the international payments and working capital business, as well as the close cooperation with Corporates with improved access to investment banking products and products with low capital commitment for retail customers.

# Risk Report

## HVB Group as a risk-taking entity

By their very nature, the business activities of HVB Group are subject to risk. HVB Group defines risk as the danger of suffering losses on account of internal or external factors. In the course of our business activities, risks are identified, quantified, assessed, monitored and actively managed. We therefore regard it as one of our core duties to apply these considerations in order to integrate risk-management, risk-controlling and risk-monitoring processes in all operating segments and functions of our Group. These activities are the precondition for providing adequate capital backing and maintaining an adequate liquidity base.

All HVB Group companies that are included in the consolidated financial statements of HVB Group prepared in accordance with International Financial Reporting Standards (IFRS) are incorporated in the risk management programme of HVB Group. As part of the Internal Capital Adequacy Assessment Process (ICAAP), these Group companies are classified into the categories “large”, “medium”, “small plus” and “small” by applying various criteria such as market position, scope of business activities and complexity of the risk profile or portfolio structure. With the exception of the Group companies classified as “small”, which are subject to a simplified approach to risk measurement, the economic capital is measured differently for the individual risk types. Within the framework of the ICAAP, the Bank differentiates between the two perspectives required by the regulatory authorities to ensure capital adequacy, the normative and the economic perspective. In the economic perspective, all risks that can lead to economic losses are covered by the economic capital, which is calculated on the basis of internal processes and methods. This is the basis for the risk-taking capacity as a measure used by HVB Group for economic capital adequacy. In the normative perspective, capital adequacy is additionally ensured by means of multi-year capital planning.

## Risk types

**Credit risk** is defined as the potential losses arising in the value of a credit exposure due to an unexpected change in credit quality of a contracting party (borrower / financial investment / small legal entity, counterparty, issuer or country). This potential loss may be brought about either by a default by the borrower who is thus no longer in a position or willing to meet its contractual obligations in full, or its rating has been downgraded as a result of a deterioration in its credit quality.

**Market risk** is defined as the risk of incurring losses on positions held on and off the balance sheet in the trading or investment books as a result of unfavourable changes in the market value of securities or financial derivatives. The most relevant of these market prices are interest rates (used to determine and discount cash flows), share prices, credit spreads (including, but not limited to, changes in these spreads due to credit defaults or rating changes), spot exchange rates, commodity prices and derived prices such as volatilities and correlations between these parameters. Market risk also includes the behavioural model risk, which represents the statistical uncertainty involved in the model assumptions for sight and savings deposits as well as the early repayment of mortgage loans.

**Liquidity risk** is defined as the risk that HVB Group will not be able to meet its payment obligations as they fall due without incurring unacceptable losses.

# Risk Report (Continued)

In line with the Capital Requirements Regulation (CRR), HVB Group defines **operational risk** as the risk of losses resulting from inadequate or deficient internal processes and systems, human error or external events. This definition includes legal risk but excludes strategic and reputational risk.

These risk types are described in detail in the section entitled “Risk types in detail”. All other risk types of HVB Group are summarised in the section entitled “Other risks”, which is presented in an abridged form.

The following risk types are summarised as other risks:
- **Real estate risk** covers potential losses resulting from fluctuations in the market value of the Bank’s own real estate portfolio. This comprises the real estate owned by Group companies (owned or leased in accordance with IFRS 16), real estate holding companies and special purpose vehicles. No land or properties are included that are held as collateral. These are included under credit risk.
- **Business risk** is defined as a measure of the gap between unexpected disadvantageous changes in the Bank’s future earnings and expected changes over a one-year risk horizon. Business risk can result above all from a serious deterioration in the market environment, changes in the competitive situation or customer behaviour but also from changes in the cost structure.
- **Pension risk** can occur on both the assets side and the liabilities side (pension commitments). This may be caused by a decline in the fair value of plan assets on the assets side due to disadvantageous changes in market prices as well as an increase in the commitments on the liabilities side, due for instance to a reduction in the discount rate. Furthermore, there are actuarial risks such as longevity risk (changes to the mortality tables) on the commitments side. In this context, pension risk is the risk that the pension provider will have to provide additional capital to service the vested pension commitments.
- **Strategic risk** results from management either not recognising early enough or not correctly assessing significant developments or trends in the Bank’s environment. As a result, fundamental management decisions could, in retrospect, prove to be disadvantageous in terms of the achievement of the Bank’s long-term goals. In addition, some decisions may be difficult to reverse or not be able to be reversed directly. In the worst case, this can negatively impact the profitability and risk profile of HVB Group.
- **Reputational risk** is defined as the risk of negative effects on the income statement caused by adverse reactions by stakeholders due to a changed perception of the Bank. This changed perception may be triggered by a primary risk such as credit risk, market risk, operational risk, liquidity risk, business risk, strategic risk or independently of any triggering primary risk.
- **Model risk** defines the risk of model weaknesses due to data errors, incorrect assumptions or incorrect methodology within the scope of the ICAAP calculations. It thus refers to the possibility of the economic capital being estimated incorrectly. For this reason, a model risk charge is added to the aggregated economic capital for the established risk types.
- **Sustainability risk** (also referred to as Environmental, Social and Governance or ESG risk) relates to any negative financial impact that may arise for HVB Group from the current or future influence of ESG factors on its counterparties (e.g. borrowers or customers) or invested assets. Sustainability risk is not currently a standalone risk type but is being successively integrated into relevant risk types.

# Risk Report (Continued)

## Integrated overall bank management

### Risk management

HVB Group's risk management programme is built around the business strategy adopted by HVB's Executive Board, the Bank's risk appetite and the corresponding risk strategy.

The risk-taking capacity upon achievement of the set targets is assessed on the basis of the risk strategy and the business and risk plans, using the available risk coverage potential. At the same time, limits are defined in the planning process to ensure that the risk-taking capacity is maintained.

Pursuant to the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement - MaRisk), multi-year budgeting is performed in relation to the economic capital. This involves analysing the relevant risk types over a time horizon of at least three years and taking into account a deteriorating macroeconomic environment. Two scenarios with negative consequences are examined independently of each other to permit an assessment of the effect of a deteriorating macroeconomic business environment. In the planning process for 2025, these planning scenarios, referred to as adverse scenarios, have been derived against the backdrop of macroeconomic developments (scenario 1) and additional non-macroeconomically motivated drivers (scenario 2). Compared to the base scenario, the first scenario assumes a negative trend in German gross domestic product in 2025 and 2026 as well as a slower recovery in 2027. At the same time, slightly lower inflation in Germany and lower market interest rates in the eurozone are also anticipated over the entire planning period. The second scenario takes account of further effects, such as a reduction in the new business margin in the lending business and a general deterioration in HVB's credit portfolio, in addition to the factors underlying scenario 1. Since the risk coverage potential is considered with the same scenarios, it is possible to make a statement about how the risk-taking capacity will evolve overall over three years, taking into account the macroeconomic scenarios.

Implementation of the risk strategy is a task for the Bank as a whole and is essentially carried out by the Chief Risk Officer (CRO) organisation. The CRO organisation is responsible for risk management and risk policy guidelines set by the Executive Board. The CRO reports on a regular basis to the Executive Board and the Risk Committee of the Supervisory Board on the Group's risk situation.

New releases and updates to instructions, policies and the risk strategy are communicated through the Bank's internal information system.

### Separation of functions

In addition to Bank-wide risk management, integrated overall bank management is accompanied by comprehensive risk controlling and risk monitoring that are functionally and organisationally independent in accordance with the MaRisk rules.

# Risk Report (Continued)

**Risk controlling**
Risk controlling is defined as the operational implementation of the risk strategy. Credit Risk Operations (CRP) is responsible for the operational management of credit risk for the operating segments. The credit specialists take lending decisions in the defined “risk-relevant business”. They thus make it possible for the operating segments to take on risk positions in a deliberate and controlled manner within the framework of the risk strategy and to evaluate whether it is profitable to do so from the overall perspective of the customer relationship and on the basis of risk-return considerations. In the “non-risk-relevant business”, the operating segments are authorised to take their own lending decisions under conditions set by the CRO organisation. The Financial Risk (CMR) unit is responsible for monitoring the implementation of the market risk strategy and the Balance Sheet Management unit within the Finance organisation for controlling liquidity risk. The Non-Financial Risks unit is responsible for controlling operational risk and reputational risk with the support of the relevant operational risk managers.

Controlling the business risk consists mainly of the planning of earnings and costs by the individual operating segments, which the Finance organisation proactively coordinates. The relevant operating segments are responsible for controlling the financial investments. The real estate risk arising from the property portfolio within the Group is controlled centrally by the Digital & Operations division. Within HVB Group, this is performed by the Real Estate unit (DOP8). HVB Group has undertaken to provide a range of different pension plans, which are largely financed by various investment vehicles, some of which are external. Under the capital investment process, there are separate rules covering the specific risk controlling of the different pension plans in each case. Some of these are subject to supervision by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin), specifically by the Insurance and Pension Funds Supervision unit, and therefore need to comply with external rules and regulations. Controlling of strategic risk is the shared responsibility of HVB’s Executive Board.

**Risk monitoring**
The central risk monitoring function within the CRO organisation is responsible for identifying, measuring and evaluating the risks at HVB Group. It is structured according to risk types. The risk monitoring functions for the following risk types: market risk and liquidity risk (for the liquidity risk, however, exclusively the risk monitoring functions of stress tests, calculation and monitoring of early warning indicators, calculation of the short-term concentration risk, evaluation of the funding plan) are bundled in the Financial Risk unit, while operational risk and reputational risk are bundled in the Non-Financial Risks unit. In addition, the Financial Risk unit also monitors the market risk component of pension risk at regular intervals using a separately developed model (aggregated view of the plan assets and liabilities) as well as the behavioural model risk. As part of the asset management of the plan assets, the options for risk positioning are limited by both external and internal regulations. Ongoing monitoring of the respective rules is performed in accordance with the specific policies of the various pension plans. With regard to the monitoring of liquidity risk, some tasks are performed by the Financial Risk unit while further risk monitoring functions for this risk type are the responsibility of the Balance Sheet Management unit within the Finance organisation (continuous monitoring of the liquidity risk situation and compliance with limits). The Strategic Credit & Integrated Risks unit monitors credit risk, business and real estate risk as well as the aggregate economic capital and the economic capital requirement. Financial investment risk is depicted via market risk and credit risk. The monitoring of strategic risk is the shared responsibility of HVB’s Executive Board. Sustainability risk materialises via the traditional risk types (credit risk, market risk, operational and reputational risk, liquidity and funding risk) and is gradually being integrated into risk monitoring in the course of a project.

# Risk Report (Continued)

The following are quantifiable risk types: credit risk, market risk (including behavioural model risk), operational risk, business risk, financial investment risk (covered under credit risk and market risk), real estate risk, pension risk, reputational risk, and the model risk quantified as risk charge on the established risk types. The available risk coverage potential is defined, quantified and compared with the risk capital in order to analyse the risk-taking capacity.

Liquidity risk is also a quantifiable risk but is not included in the calculation of the risk-taking capacity.

A qualitative approach is used to monitor strategic risk.

## Divisions

### Chief Risk Officer

The controlling and cross-business area management of risk at HVB Group fall within the competence of the Chief Risk Officer (CRO). This is where all the key functions involved in the identification, analysis, assessment and reporting of risk are performed together with the ongoing tracking, handling, monitoring and controlling of risk. These activities are supported and complemented by various CFO units, notably with regard to liquidity risk.

The CRO organisation is divided into units that deal with lending business in the back office. The main functions of these units include:

– operational functions in the credit-decision and credit-monitoring processes for the risk-relevant lending business, complete with monitoring of the issuer and counterparty limits
– identification and control of risk at the preliminary stages in order to reduce risk
– restructuring activities with a view to minimising losses for the Bank

At the same time, there are units that cover operational and strategic aspects of risk monitoring. Their main functions include:

– the development, enhancement, parameterisation and calibration of the rating models used to determine the probability of our customers defaulting
– validation of Pillar I and II systems for risk measurement that contain the following components: models, associated processes, IT systems and data
– the development of concepts used to identify and control credit risk and concentrations, including country risk
– responsibility for the measurement methods and the refinement of the measurement methods and systems, and for the management and measurement of market risk and liquidity risk
– responsibility for the measurement methods and the refinement of the measurement methods and systems, and for the management and measurement of operational risk as well as responsibility for reputational risk and its management
– the determination of the economic capital and the economic capital base
– ensuring ICAAP compliance, ensuring compliance with the MaRisk rules as part of the responsibility for credit risk and economic capital and the performance of stress tests
– ensuring compliance with regulatory rules regarding internal and external reports
– risk reporting

# Risk Report (Continued)

**Chief Financial Officer (CFO)**
The Balance Sheet Management (CDF) and Performance Monitoring & Planning (CCP) units from the Finance (CFO) organisation play a major role in risk monitoring.

The Balance Sheet Management (CDF) unit covers, among other things, the management of short- and long-term liquidity at HVB Group (Asset Liability Management), acting in concert with the front office units and asset/liability management.

Performance Monitoring & Planning (CCP) has been tasked with central business management of HVB Group. CCP has responsibility for the processes involved in preparing the income budgets and the income projections as well as the preparation and plausibility checks of the internal segment report according to IFRS. Furthermore, CCP includes the business segment-related controlling departments for all the segments apart from the Corporate Center. The reconciliation of net trading income for Client Risk Management is carried out between CCP and Accounting. The reconciliation of net trading income for Treasury is carried out between Accounting and Balance Sheet Management.

In the fourth quarter of the reporting year, cost controlling was removed from CCP and now represents an independent unit within the Finance organisation. Capital management and capital allocation as well as the risk-return methodology was transferred from CCP within the Finance organisation to Balance Sheet Management. Furthermore, the management of the holdings was moved to the Legal department, which is assigned to the Spokeswoman of the Executive Board (CEO).

**Asset Liability Management**
The Balance Sheet Management unit controls Asset Liability Management by managing short-term and long-term liquidity and allocating capital within HVB Group. Its main objectives are to ensure that HVB Group has adequate liquidity at all times and to optimise the funding and capital structure as well as the funding costs. Asset Liability Management monitors trends and happenings on the money and capital markets and manages liquidity and funding requirements. As part of liquidity risk management, the Balance Sheet Management unit performs ongoing monitoring of the liquidity risk situation, in addition to the activities on the part of CRO, and manages funding activities together with the front office units. Within the framework of a liquidity cost allocation mechanism for all significant business activities, the internal transfer prices for the lending and deposit-taking activities are continually reviewed for appropriateness and regularly adjusted to reflect the market situation, for instance. The measures implemented in connection with these functions serve to support HVB Group's return targets.

**Internal Audit**
A number of important tasks regarding the implementation of an efficient risk management system have been entrusted to the Internal Audit department as described in the section entitled "Monitoring the effectiveness of the ICS".

## Committees
The Executive Board of HVB has delegated certain risk management responsibilities to committees. The most important committees are the Financial and Credit Risk Committee (FCRC), the Local Transactional Committee (LTC), the Loan Loss Provision Committee (LLPC), as well as the Non-Financial Risks and Controls Committee (NFRCC).

# Risk Report (Continued)

**Financial and Credit Risk Committee**
The Financial and Credit Risk Committee (FCRC) is a cross-divisional committee that discusses topics related to risk strategy and makes corresponding decisions (unless these are reserved for the Executive Board by law or by the internal regulations). The FCRC generally meets once a month and is split into two thematic sessions:
– The Credit Risk Session deals with all credit risk-relevant topics.
– The Financial Risk Session deals with all market and liquidity risk-relevant topics as well as topics relating to funding planning and liquidity management.

**Local Transactional Committee**
The Local Transactional Committee (LTC) has been charged with the task of monitoring and approving credit lines. The LTC carries out this task via two sessions covering different topics: Credit Committee Session and Debt to Equity Swap Session. The Credit Committee Session determines the risk limit in accordance with the Special Credit Policy "Integrated risk management at the level of the borrower within the meaning of the German Banking Act (KWG) for HVB/HVB Group". The Debt to Equity Swap Session is responsible for making decisions, monitoring and providing advice in respect of entering into equity investments and equity-related investments.

**Loan Loss Provision Committee**
The Loan Loss Provision Committee (LLPC) meets once a quarter and makes decisions within HVB on:
– the loan loss provision proposals submitted, insofar as these lead to impairment losses exceeding EUR 5 million in the exposure group as a result of first measurement or remeasurement with a negative change in the risk assessment which is assessed as material,
– debt waivers from a loan loss provision/waiver approval authority of greater than EUR 5 million.

**Non-Financial Risks and Control Committee**
The Non-Financial Risks and Control Committee (NFRCC) makes decisions on coordination between the three lines of defence with the goal of identifying and showing priorities in respect of non-financial risks (e.g. events, provisions or newly emerging risks) as well as assessing and addressing the effectiveness of the initiatives taken to implement them.

The NFRCC is divided into three thematic meetings:
– Non-Financial Risks (antifraud) session (meetings once a quarter in the month following the end of the quarter as a rule)
– ICT, Security, Cyber, and Third-Party Risk Management session (meetings bimonthly as a rule)
– Reputational Risk session (meetings bimonthly as a rule)

# Risk Report (Continued)

## Implementation of overall bank management

### Strategy
The business strategy and the risk strategy define the cornerstones of business and risk policy for HVB Group. The subsidiaries, outsourcing, sustainability (ESG), and information and communication technology (ICT) are incorporated in both the risk strategy and the business strategy. The HVB Group business strategy describes the strategic starting point and the organisational structure, the strategic cornerstones at overall bank level and the sub-strategies of the individual operating segments.

The HVB Group risk strategy is derived consistently from the business strategy, supplementing it with the relevant aspects of risk management. The HVB Group risk strategy controls the risk types, credit risk and market risk (including financial investment risk components for each), operational risk, pension risk, reputation risk, real estate risk and business risk using the economic capital, supplemented by an explanation of the model risk. This control is supplemented by risk-type-specific limits in credit risk and market risk. Liquidity risk is managed quantitatively in terms of cash flow analyses and integrated into the planning process via the funding plan. A qualitative description is provided of the strategic objectives for strategic risk, sustainability risk and for outsourcing. The risk strategy is supplemented by the Industry Credit Risk Strategy, which specifies the risk appetite within the individual industries.

The strategies approved by the Executive Board of HVB are reviewed on both an ad hoc and an annual basis and modified when necessary.

### Overall bank management
The metrics defined for the overall bank management of HVB Group are reviewed in the annual budgeting process and used to assess the success of the business strategy and the risk strategy. Earnings targets, risk targets, liquidity targets and capital targets are defined in the budgeting process together with the targeted risk-taking capacity at overall bank level. The limits for economic capital are defined and monitored in order to guarantee the risk-taking capacity. For the purposes of operating segment management, the economic capital limits are distributed for the credit, market and real estate risk to ensure that the planned economic risks remain within the parameters defined by the Executive Board of HVB.

Key performance indicators (KPIs) generally applicable across the operating segments have been defined for the management of HVB Group. These KPIs serve to entrench the aspects of profitability and growth, as well as constraints and sustainability.

The value-oriented management of HVB Group focuses on the measurement of the business activities in accordance with return and risk considerations, with a risk-return target set for each of the business units of HVB Group. The expected economic returns are calculated using the allocated capital principle that is applied group-wide by UniCredit. Within the scope of the principle of dual control, both regulatory capital, in the sense of used core capital (Common Equity Tier 1), and economic capital are allocated to the operating segments. Both resources are expected to yield an adequate return, the amount of which is derived from the returns expected by the capital market.

# Risk Report (Continued)

In line with the parameters defined in the business and risk strategies, the defined targets are broken down to operating segment level and then translated into operational metrics for sales management. The defined targets are monitored using a standardised report to the Executive Board of HVB. After corresponding analysis, the Executive Board of HVB initiates countermeasures in response to significant deviations from the targets defined in the budgeting process.

## Regulatory capital adequacy

**Used core capital (Common Equity Tier 1)**
For the purposes of planning and monitoring risk-weighted assets, the operating segments are required to have core capital backing of equivalent risk-weighted assets arising from credit, market and operational risks equal to an average of 13.0%. The expected return on investment is derived from the average used core capital (Common Equity Tier 1).

**Management of regulatory capital adequacy requirements**
Essentially, the following three processes have been defined from the normative capital perspective to safeguard an adequate capital base over the long term:

**Yearly** budgeting of the regulatory capital taking account of regulatory requirements, while applying the three capital ratios listed below, which are managed within HVB Group's risk appetite framework using internal target, trigger and limit levels:
- Common Equity Tier 1 capital ratio: ratio of Common Equity Tier 1 capital to the sum of risk-weighted assets arising from credit risk positions and the equivalent risk-weighted assets from market and operational risk positions
- Tier 1 capital ratio: ratio of Tier 1 capital to the sum of risk-weighted assets arising from credit risk positions and the equivalent risk-weighted assets from market and operational risk positions
- total capital ratio: ratio of equity funds to the sum of risk-weighted assets arising from credit risk positions and the equivalent risk-weighted assets from market and operational risk positions

**Quarterly** performance of stress tests of the regulatory capital ratios under various scenarios (details on the stress tests can be found in the section entitled "Stress tests").

**Monthly** performance of a rolling eight-quarter projection to provide an ongoing forecast of the capital ratios of HVB Group. This projection is supplemented on a quarterly basis by a 3-year simulation of the capital ratios based on three different scenarios to completely map the normative capital perspective.

More details on the development of these capital ratios are presented in the sections entitled "Risk-weighted assets, key capital ratios, and leverage ratio of HVB Group" and "Operating performance of HVB Group" in the section entitled "Financial Review" of this Combined Management Report.

The total capital ratio of HVB Group is 28.2% as at 31 December 2024 (31 December 2023: 27.1%).

# Risk Report (Continued)

## Economic capital adequacy

The economic capital is the sum of the aggregated economic capital for all quantified risk types (with the exception of liquidity risk) and the specific model risk premium. The economic capital measures the potential for unexpected loss over a time horizon of one year with a confidence level of 99.90%.

When the aggregated economic capital is determined, risk-mitigating diversification effects are taken into account between the individual risk types. HVB Group deploys UniCredit's group-wide model for risk aggregation that uses parameters that are uniform throughout the Group for determining interdependencies between the risk types. In terms of methodology, the model is based on a copula approach where the parameters are estimated using the statistical Bayesian method.

An all-round overview of the risk situation of HVB Group is obtained by assessing the risk-taking capacity on a quarterly basis, as shown in the table "Economic capital after portfolio effects".

**Economic capital after portfolio effects (confidence level 99.90%)**

| | 31/12/2024 | | 31/12/2023 | |
|---|---|---|---|---|
| **Broken down by risk type** | **€ millions** | **in %** | **€ millions** | **in %** |
| Credit risk | 3,090 | 53.6 | 2,860 | 37.7 |
| Market risk[1] | 1,171 | 20.3 | 2,770 | 36.6 |
| Pension risk | 570 | 9.9 | 976 | 12.9 |
| Operational risk | 410 | 7.1 | 413 | 5.4 |
| Real-estate risk | 137 | 2.4 | 138 | 1.8 |
| Business risk | 177 | 3.1 | 188 | 2.5 |
| Reputational risk | 85 | 1.5 | 72 | 1.0 |
| **Aggregated economic capital** | **5,639** | **97.9** | **7,417** | **97.9** |
| Model risk charge | 122 | 2.1 | 160 | 2.1 |
| **Economic capital of HVB Group** | **5,761** | **100.0** | **7,577** | **100.0** |
| Included diversification effects | (852) | | (1,046) | |
| | | | | |
| **Risk coverage potential of HVB Group** | **16,448** | | **17,674** | |
| **Risk taking capacity of HVB Group, in %** | | **285.5** | | **233.3** |

1 Including behavioural model risk
Contains rounding differences.

Economic capital fell by €1,816 million in comparison to 31 December 2023. The decline is mainly due to reductions in market and pension risk based on methodological changes. The main changes are described under the respective risk type.

# Risk Report (Continued)

**Economic capital (without pension risk and without the model risk charge) broken down by operating segment (confidence level 99.90%)**

| | 31/12/2024 | | 31/12/2023 | |
|---|---|---|---|---|
| **Broken down by operating segment** | **€ millions** | **in %** | **€ millions** | **in %** |
| Retail | 468 | 9.2 | 547 | 8.5 |
| Corporates | 3,487 | 68.8 | 3,403 | 52.8 |
| Other | 1,114 | 22.0 | 2,491 | 38.7 |
| **Economic capital (without pension risk and without the model risk charge) of HVB Group** | **5,069** | **100.0** | **6,441** | **100.0** |

The decline in the Other segment (central functions) is mainly driven by market risk and based on methodological changes.

### Risk appetite
The risk appetite is defined as part of the annual strategy and planning process for HVB Group, whereby selected metrics are monitored only for HVB. The risk appetite metrics comprise specifications that are broken down into regulatory metrics and managerial metrics and subdivided into categories such as capital, financial and non-financial risk, credit risk, risk and earnings or ESG. For the most part, targets, triggers and limits are defined for these metrics that allow excessive risk to be identified and countermeasures to be initiated at an early stage. The matter is escalated to the appropriate persons with authority, committees and the Executive Board of HVB, should the defined limits be exceeded or not reached.

### Recovery plan
The preparation of recovery plans (RPs) is intended to facilitate the restructuring of systemically important financial institutions. Until the end of 2023, UniCredit S.p.A. was identified as systemically important at a global level and HVB at national level. Supervision of HVB passed to the ECB when the Single Supervisory Mechanism (SSM) came into effect in November 2014. According to a decision of the Joint Supervisory Team (JST), HVB, as part of UniCredit, has not been required to prepare an HVB Group recovery plan since 2015. For this reason, HVB works in close collaboration with UniCredit S.p.A. each year to prepare a joint “UniCredit Group Recovery Plan”. This Recovery Plan was officially submitted to the ECB in due time at the end of September 2024 and has been in effect since then.

### Risk-taking capacity
As part of an analysis of the risk-taking capacity, HVB Group measures its economic capital against the available risk coverage potential (available financial resources). Furthermore, the risk-taking capacity is analysed across a defined multi-year period as part of the planning process.

# Risk Report (Continued)

HVB Group uses an internal definition for the risk coverage potential that, like risk measurement, has been based on a going concern approach since 2019. Under this approach, available financial resources are sufficient to continuously hedge against risks so as to ensure business operations are maintained. The risk-taking capacity is defined by comparing unexpected losses at the confidence level (economic capital) with the ability to absorb losses using the available financial resources (risk coverage potential). When determining the risk coverage potential, regulatory core capital is taken as the starting point. To maintain consistency with internal risk quantification, certain capital deductions (particularly expected losses and securitisation positions) within the definition of equity are brought into line with the internal economic perspective and some future profits are taken into account. In order to reflect the fair value concept underlying the economic approach, relevant hidden charges and deferred tax assets that cannot be considered to cover losses are also determined and deducted. The risk coverage potential at HVB Group totalled €16,448 million as at 31 December 2024 (31 December 2023: €17,674 million).

With economic capital (including the model risk charge) of €5,761 million, the risk-taking capacity of HVB Group is 285.5% (31 December 2023: 233.3%). This figure is higher than the target of 150% HVB Group set itself in the 2024 risk appetite framework. The increase of 52.3 percentage points in comparison with 31 December 2023 for HVB Group is attributable to the reduction in economic capital. The economic capital declined by €1,816 million, or 24.0%, in 2024. The risk coverage potential is €1,226 million or 6.9% lower in 2024 due to the amendment of the definition. The reduction is due mainly to the cap for recognisable future profits.

**Limit concept**

The risk limit system is a key component of the ICAAP at HVB Group. Its purpose is to guarantee the Bank's risk-taking capacity at each reporting date by means of an integrated controlling process. A wide-ranging, consistent limit system that includes the specification of limits for economic capital, risk-type-specific limits and limits for risk concentrations has been implemented to ensure this. This covers all the risks that need to be backed with capital, which are currently the credit, market (including pension risk and behavioural model risk), operational, business, real estate and reputational risk. In addition, any model risks are included in the economic capital by means of a charge.

This system of limits reflects the business and risk strategies, taking into account the risk appetite and the risk coverage potential, at the level of HVB Group, and ensures compliance with the risk-taking capacity. The risk limits are approved by HVB's Executive Board each year during the strategy process.

The economic capital limits are allocated at the level of HVB Group as a whole as well as for the individual risk types. Based on the aggregate limit set for economic capital, the risk-taking capacity of HVB Group is guaranteed at each reporting date.

In order to identify at an early stage any potential overshooting, HVB Group has specified triggers in the form of early warning indicators in addition to the defined limits. The utilisation of, and hence compliance with, the limits is presented in the Bank's reports. Any overshooting of limits is immediately escalated and the return to compliance with limits is monitored.

**Stress tests**
The MaRisk rules call for stress tests to be carried out regularly using various scenarios.

Various macroeconomic downturn scenarios and a historical scenario were calculated for the cross-risk-type stress tests in 2024:
- Recession scenario – recession in Europe driven by supply shock due to intensification of geopolitical tensions
- Global trading and energy shock scenario – deep recession in Europe due to high inflation on account of geopolitical tensions and disruptions in supply chains and global trade
- China slowdown scenario – weakening of the Chinese economy with global contagion effects
- Historical scenario – historical scenario based on the 2009 financial crisis
- Financial intermediary scenario – a tougher version of the historical scenario (additionally maps the default of the financial intermediary with the highest stressed counterparty risk exposures)

The stress tests across risk types are presented and analysed on a quarterly basis in the Financial and Credit Risk Committee and any measures required are presented to HVB's Executive Board. Both the risk-taking capacity and the minimum requirements for regulatory capital ratios of HVB Group were met and complied with after the occurrence of the stress test scenarios listed. The risk-taking capacity within the scope of the stress test was established with a confidence level of 99.90%.

Furthermore, inverse and ad hoc stress tests are carried out.

Inverse stress tests involve analysing what events could endanger the continued existence of the Bank as a going concern. The continued existence as a going concern is considered at risk when the original business model proves to be no longer feasible or viable. The hypothetical events analysed included fraud by a trader, rating downgrades, a bank run and default by customers and industries.

Ad hoc stress tests are carried out in response to internal and external events that might have a considerable impact on HVB Group.

**Concentrations of risk and earnings**
Concentrations are accumulations of risk positions that react in a similar way to specific developments or events. Concentrations may have an impact within a risk type or equally across risk types. They indicate increased potential losses resulting from an imbalance of risk positions held with customers and in products or specific industries and countries.

Concentrations are analysed, monitored, managed and reported at least once a year with regard to the relevant risk drivers for credit, market, liquidity and operational risk. In particular, appropriate instruments and processes ensure the prompt identification of concentrations. Monitoring, the suitability of which is reviewed each year, is used as the steering approach for the risk types financial investment risk, real estate risk and pension risk.

Risk management processes for concentrations have been set up with a view to interlinking risk drivers across risk types, such that concentration risk is integrated into assessment and controlling functions.

The concentration of earnings with individual customers or in operating segments, products, industries or regions represents a business-related strategy risk for the Bank. Risks arising from concentrations of earnings are monitored each year, as avoiding these is an important indicator of sustainable diversification and hence the viability of the business model in crisis situations.

**Risk inventory**
The scheduled comprehensive yearly risk inventory at HVB Group was started in the first quarter of 2024. Existing and potential new risks are analysed and critically evaluated by means of structured interviews with numerous decision-makers within HVB Group and by means of questionnaires, among other things. This interview also covers aspects concerning the Russia-Ukraine conflict as well as sustainability topics. The outcome of the 2024 risk inventory was presented to HVB's Financial and Credit Risk Committee in October 2024 and included in the calculation and planning of the risk-taking capacity. The risk inventory serves to review the overall risk profile of HVB Group. Various topics are identified, some of which are included in the stress test and in the validation of the measurement methods used for the material risk types and other ICAAP components.

**Internal reporting system**
The internal reporting system supports risk monitoring at portfolio level in particular. Within the framework of the internal reporting system, information is provided on the overall risk to HVB's Executive Board and the Risk Committee of the Supervisory Board on a monthly basis, to the full Supervisory Board at least on a quarterly basis and also on an ad hoc basis. In addition, further monthly risk reports focusing on specific countries and industries are created.

## Risk types in detail

## 1 Credit risk

### Categories
**Credit default risk**
Credit default risk is considered to occur with regard to a specific contracting party when one or both of the following criteria are satisfied:
– The Bank assumes the contracting party is probably not in a position or willing to meet its entire contractual obligation towards HVB Group, without having to take recourse to measures such as the sale of collateral (where present).
– The contracting party is more than 90 days in arrears in terms of a material loan receivable of HVB Group.

Credit default risk also encompasses counterparty risk and issuer risk.

# Risk Report (Continued)

***Counterparty risk***
Counterparty risk arises from the possible loss of value due to the default of the counterparty in trading activities (such as derivatives involving interest rates, foreign exchange, equities/indices, or other futures or derivative contracts). It is divided into the following components:
– settlement risk
– pre-settlement risk
– money market risk (cash risk)

***Issuer risk***
Issuer risk is defined as credit default risk in the securities holding resulting from the downgraded credit rating or default of an issuer that can lead to a loss of value through to total loss. Issuer risk arises from the purchase of securities, securities issuance activities, credit derivatives and the placement of securities.

**Country risk**
Country risk is the risk of losses caused by events attributable to actions by the government of a given country. This includes the repayment of capital in a specific country being prevented by government intervention, which gives rise to various risks (such as transfer risk, expropriation risk, legal risk, tax risk, security risk). It also includes the risk of repayment of capital being prevented by a deterioration in the economic and/or political environment (such as through recession, a currency and/or banking crisis, natural disasters, war, civil war, social unrest).
Country risk encompasses:
– sovereign risk (state as counterparty)
– transfer and conversion risk

## Strategy
A risk strategy has been approved for HVB Group that operationalises the strategic controlling of credit risk. This is done by setting targets and limits for different metrics as needed. Controlling using economic capital, together with volume and risk metrics, is particularly important in this regard. The planning of the targets and limits is embedded in HVB Group’s annual plan and takes into account ceilings arising from the requirements regarding the capital base. The limits are intended to leave scope for implementation of the business planning and also to set upper limits, specifically with regard to economic capital.

Systematic controlling and setting of limits for credit risk are essential for sustaining HVB Group’s strategic orientation. The risk strategy is intended to make it possible for both the sales controlling and risk management functions to back transactions with concrete, measurable criteria in order to optimise the risk profile of the credit portfolio. To achieve this, the expected and unexpected losses of a given borrower are determined. These form the basis for drawing up limits and in some cases target portfolios for the different risk types, exposures and risk metrics.

The Industry Credit Risk Strategy includes an assessment of the opportunities and risks for every industry, from which controlling signals and quantitative ceilings for new business are derived.

# Risk Report (Continued)

### Limit system
The credit risk strategy defines limits for risk metrics and risk types for individual portfolios. These are allocated at the following levels:
– HVB Group
– HVB and subsidiaries, or groups of subsidiaries of HVB Group
– operating segments of HVB Group and HVB
– products and special portfolios

The following criteria are analysed with regard to the performing portfolio: exposure, expected loss and risk density. An overshooting of the limits is generally not permitted.

In order to avoid concentrations of risk in credit default risk, the following concentration limits and, where appropriate, target portfolios are used for controlling purposes:
– single-name concentrations
– industry concentrations
– concentration limits for countries and regions

The utilisation of the individual limits is classified using a traffic light system:
– green: utilisation is below a defined trigger and below the limit
– yellow: utilisation is below the limit but above the defined trigger
– red: utilisation is above the limit

If a limit or a trigger is exceeded, an escalation process is initiated to eliminate the overshooting or prevent an overshooting of the limit in the event that a trigger is exceeded. The corresponding responsibilities are defined in the escalation process to ensure the permanent controlling effect of the limits.

### Credit risk mitigation
In new lending, HVB pursues the strategy of applying loan collateral that would present an economic benefit to the Bank in the event of default.

For the reduction of credit risk, only such collateral is used as meets the requirements of the Advanced Internal Ratings Based (A-IRB) approach in accordance with Basel III.

Methods have been implemented to value collateral that meet the requirements of Basel III. Empirically determined loss ratios (LGD secured), realisation periods and haircuts are employed in the valuation. The land charges are calculated using a statistical model to update the current and forecast fair values at the time of realisation. The fair values are adjusted on an annual basis to reflect the market developments actually observed, and the forecast is reviewed and, where necessary, adjusted. Special simulation methods for valuing collateral have been devised for collateral types with a low default history. In the case of securities, HVB resorts to its own haircut calculations based on historical data. In addition, collateral is taken into account using a substitution approach if permissible under the CRR.

The most significant collateral types in terms of value in the lending business are land charges, guarantees and pledges of financial collateral, which together account for approximately 90% of all valued collateral.

# Risk Report (Continued)

In trading activities, over-the-counter (OTC) derivatives, security financing transactions (SFTs) and exchange-traded derivatives (ETDs) are hedged on the basis of the respective contractual provisions with the counterparties. In the case of OTCs, these are essentially the International Swaps and Derivatives Association (ISDA), the German Master Agreement for Derivatives (Deutscher Rahmenvertrag für Finanztermingeschäfte – DRV) and the Credit Support Annex (CSA, appended to an ISDA master agreement), the CRD (Credit Support Deed) or BRV (appended to a DRV master agreement). In the case of SFTs, these are the Global Master Repurchase Agreement (GMRA) or the Global Master Securities Lending Agreement (GMSLA). For credit risk reduction, only collateral recognised as eligible under the CRR is permitted for regulatory purposes. Internally, the collateral policy defines conditions for accepting collateral in trading activities. The back office has a consultation and veto right in this regard. Collaterals from the trading business are measured on the basis of current market prices. The counterparty risk exposure is forecast using a refined internal model for predicting the amount of collateral needed and the value of the collateral provided (simulation method).

## Measurement

### Probability of default (PD)

The internal customer-segment-specific rating and scoring methods of HVB Group that are available for all significant credit portfolios form the basis for the measurement of credit default risk. The reliable determination of our customers' PDs is critical for credit decisions, pricing and core capital backing under Basel III (A-IRB model) as well as for the internal credit risk model.

The PDs determined on the basis of the rating and scoring methods lead to allocation to a rating class on a ten-point scale. The rating classes 1 to 7 are set aside for performing loans and the rating classes 8 to 10 for non-performing loans, with the rating classes 8-, 9 and 10 representing default classes.

In contrast to ratings at customer level for which the customer represents the risk for the Bank, in the case of a transaction rating the risk relates to the transaction. In this instance, the customer is not considered the risk-bearing entity; the individual transaction is rated with its clearly specified risk instead. Typical examples for which transaction ratings are applied are structured loans and securitisations.

### Loss given default (LGD)

The LGD indicates what proportion of the underlying portfolio of receivables would almost certainly be lost in the event of a default. The expected proceeds from the collateral used to reduce credit default risk have a major influence on the amount of the LGD. At the same time, the amount of the LGD is determined by borrower-related criteria. The reliable determination of our customers' LGD is critical for credit decisions, pricing, core capital backing under Basel III (A-IRB model) and our internal credit risk model.

### Exposure at default (EAD)

The EAD is the expected amount of the receivable at the time of default. It covers current arrears together with the probable future utilisation by the borrower. These probable future utilisations are determined on the basis of historical data and validated on an annual basis. Off-balance-sheet exposures such as unused, externally committed credit lines are also employed as the reference point for the EAD parameters. The EAD parameters are also incorporated in the credit decision, pricing, core capital backing under Basel III (A-IRB model) and the internal credit risk model.

# Risk Report (Continued)

The market-value-risk-oriented calculation of exposures and limits based on jump-to-default-zero values (allowing for netting effects) is also carried out for issuer risk in the trading book. A credit-risk-oriented, nominal-value-based exposure is used to limit the banking book and asset-backed security (ABS) positions. Netting effects are taken into account when the limits are set.

In terms of counterparty risk, a simulation method is used to determine future exposure figures for the pre-settlement risk within the scope of an internal model. The default conditional metric used in the internal model to determine the future exposures makes it possible among other things to incorporate the correlation effects between market risk and credit risk, and notably the specific wrong-way risk. The simulation is carried out for up to 50 future dates on the basis of 3,000 market data scenarios for each calculation date.

**Expected loss (EL, standard risk costs)**
The expected loss shows the credit default losses to be expected from the credit portfolio over the next 12 months, taking into account the current ratings and collateral on hand. Among other things, it is used for risk identification, as both an absolute and a relative value, in pricing, for profitability calculations and for limitation purposes.

**Risk density**
The risk density is another risk metric alongside the EAD and EL that is used to manage the individual HVB Group sub-portfolios. HVB Group calculates the risk density as the ratio of expected loss to performing exposure in basis points (bps). It indicates the development of risk in a given portfolio.

**Unexpected loss (economic capital, EC)**
The economic capital measures the amount of capital required to cover the unexpected loss beyond the expected loss, which, with a probability of 99.90%, will not be exceeded over the next 12 months. This risk metric makes the risk content of the various sub-portfolios comparable, taking into account the concentration risks in the portfolio. It is also used in pricing and the Bank’s risk-adjusted profitability calculations.

**Internal credit risk model**
HVB Group has been using the credit portfolio model used throughout UniCredit to measure the economic capital of credit risk. The group model follows the structural Merton approach under which correlations between the borrowers are mapped using a multi-factor model, taking into account fluctuations in value arising from rating changes (migration risk) for certain sub-portfolios as well as the pure credit default risk.

The credit portfolio model covers all banking book positions and counterparty risks arising from derivative positions that are relevant pursuant to the definition of credit risk. Issuer risk from the trading book continues to be recorded using the incremental risk charge (IRC) model, which forms part of the market risk in the presentation of the ICAAP.

Country risk is integrated using appropriate PD add-ons. Risk-reducing factors are included by applying reductions to the LGDs and PDs.

# Risk Report (Continued)

**Impairment: Overlays**
HVB Group has supplemented its models used to determine impairments with so-called overlays in order to cover the increased risks in certain sub-portfolios which lead to increased, expected credit losses overall.

***Geopolitical overlay***
The geopolitical overlay was introduced to take account of the specific risks of the Russia-Ukraine conflict, which led to an increase in energy costs, inflation and interest rates, and to address the impact on companies. These industry-specific, external and geopolitical risks, which cannot be adequately captured by the UniCredit corporate group's macro dependency model ("satellite model"), required the creation of the overlay in 2022.

Although some effects of the Russia-Ukraine conflict have weakened compared with the previous years, such as energy availability, the economic environment remains characterised by uncertainty. The potential impact of the US election promise of increased import tariffs as well as the geopolitical tensions in the Middle East and with regard to the Russia-Ukraine conflict continue to pose high risks.

Against this backdrop, the geopolitical overlay is still required for the segments that are particularly at risk from the increase in energy costs and the higher inflation rates in order to guarantee adequate impairments for unimpaired loans. Based on the default rates of the specific segments, an additional outflow into the non-performing portfolio was observed in 2024. This is expected in future as well. As a result, higher expected credit losses, which cannot be mapped by the models, are already being anticipated and corresponding impairments made.

The geopolitical overlay only affects companies in the energy-intensive sectors. For individuals, HVB Group assumes that the original overlays in this area are obsolete in the meantime as the poorer macroeconomic conditions after the introduction of the overlay are already adequately taken into consideration in the forward-looking information.

***Commercial real estate business overlay (CRE)***
The introduction of the commercial real estate business (CRE) overlay supplements the already existing geopolitical overlay and specifically targets the particular challenges with which the commercial real estate business, as well as the construction and real estate sector are currently confronted, and on account of which higher defaults rates are expected in future as well:
– High interest rates and increased funding risks: This affects both real estate developers and owners of commercial properties who are struggling with rising interest costs and the associated refinancing problems.
– Lower orders and rising construction costs: In connection with the general economic uncertainty (such as the Russia-Ukraine conflict and the Middle East conflict) and inflation, construction costs are rising while demand for new construction projects could stagnate at the same time.
– Falling real estate prices and lower rental income: The decline in property values and the limited ability to adjust long-term leases to the higher operating costs are exacerbating the financial situation of CRE companies and real estate investors.

# Risk Report (Continued)

This sector-specific approach is required as the macroeconomic models ("satellite model") are not able owing to their overall economic breadth to adequately replicate these industry-specific risks.

It is ensured that the geopolitical and the CRE overlay do not overlap, in other words the risks are not taken into account twice, but that each overlay is specifically geared towards its target segments. The methodological principle on which the CRE overlay is based is similar to that of the geopolitical overlay.

**Risk-based and market-oriented pricing**
To manage risk and profitability in the lending business, pricing methods and tools are used that take into account all cost components – in particular the expected standard risk costs and the cost of capital – and that are each adjusted to reflect the current parameters and bank management. Lending decisions are made under risk/return considerations that are determined in the obligatory pre-calculation prior to a transaction being concluded.

## Monitoring and controlling

Risk monitoring takes place at the level of individual exposures. In addition, various instruments are used at portfolio level.

Individual exposures are monitored in both lending and trading operations with the aid of classical monitoring systems, such as rating analysis and early warning systems. Individual exposure limits are also defined in line with the probability of default to limit the risks entered into. Monitoring and reporting of any limit overshootings take place on a monthly basis.

**Special features of counterparty risk and issuer risk**
We employ limit systems as a key element of the management and controlling of counterparty risk as well as issuer risk to prevent an increase in our risk position that does not comply with the strategy. Each new trade is entered and applied to the corresponding limit without delay (the same day). The pre-settlement risk is established on the basis of an internal model method (IMM) and is recognised by the banking supervisory authorities for calculating capital requirements. To reduce counterparty risk relating to financial institutions, HVB Group uses derivative exchanges in its function as a central counterparty.

## Quantification and specification

The economic capital for credit risk at HVB Group, without taking account of diversification effects between the risk types, amounts to €3,231 million, which is €176 million higher than the reported figure as at 31 December 2023 (€3,055 million).

**Credit default risk**
The following tables and charts for credit default risk show the aggregate exposure values (total of non-performing and performing exposure) of HVB Group including issuer risk from the trading book. Issuer risk from the trading book is also included in the regulatory market risk analysis by way of the incremental risk charge. Comments in this regard can be found in the section covering market risk.

The aggregate exposure to credit default risk is referred to as credit default risk exposure, or simply exposure, in the following. Account balances on the entry date are included in the calculation of exposure.

# Risk Report (Continued)

The remaining exposures assigned to the former Real Estate Restructuring business area are excluded from the analysis because the portfolio does not include any further new business and is earmarked for elimination. The portfolio has been reduced consistently in recent years and now stands at €12 million (31 December 2023: €16 million).

### Development of metrics by operating segment

| | EXPECTED LOSS[1] € millions | | RISK DENSITY[2] in bps | |
|---|---|---|---|---|
| **Broken down by operating segment** | **31/12/2024** | **31/12/2023** | **31/12/2024** | **31/12/2023** |
| Retail | 65 | 103 | 18 | 24 |
| Corporates | 270 | 234 | 16 | 15 |
| Other | 2 | 3 | 0 | 1 |
| **HVB Group** | **337** | **340** | **13** | **13** |

1 Expected loss of the performing exposure without issuer risk in the trading book.
2 Risk density as a ratio of expected loss to performing exposure without issuer risk in the trading book in basis points (bps); 100bps = 1%.

Compared with the end of 2023, the expected loss of HVB Group decline by €3 million in 2024 and the risk density remained unchanged at 13bps.

In the Retail operating segment, the expected loss declined by €38 million and the risk density by 6bps whereas in the Corporates operating segment there was an increase in the expected loss of €36 million and in risk density of 1bp. This was due, among other things, to structural changes in the banking relationship model in both operating segments, which led to the migration of customer exposures between the operating segments.

### Breakdown of credit default risk exposure by operating segment and risk category

| | CREDIT DEFAULT RISK EXPOSURE | | OF WHICH COUNTERPARTY RISK | | OF WHICH ISSUER RISK IN BANKING BOOK | | OF WHICH ISSUER RISK IN TRADING BOOK | |
|---|---|---|---|---|---|---|---|---|
| **Broken down by operating segment (€ millions)** | **31/12/2024** | **31/12/2023** | **31/12/2024** | **31/12/2023** | **31/12/2024** | **31/12/2023** | **31/12/2024** | **31/12/2023** |
| Retail | 36,601 | 42,723 | 181 | 70 | — | — | — | — |
| Corporates | 172,071 | 162,637 | 20,876 | 17,459 | 19,882 | 18,235 | 1,183 | 1,568 |
| Other | 50,193 | 54,363 | 66 | 106 | 44,962 | 32,351 | — | — |
| **HVB Group** | **258,865** | **259,723** | **21,123** | **17,635** | **64,844** | **50,586** | **1,183** | **1,568** |

HVB Group's credit default risk exposure declined by €858 million in 2024.

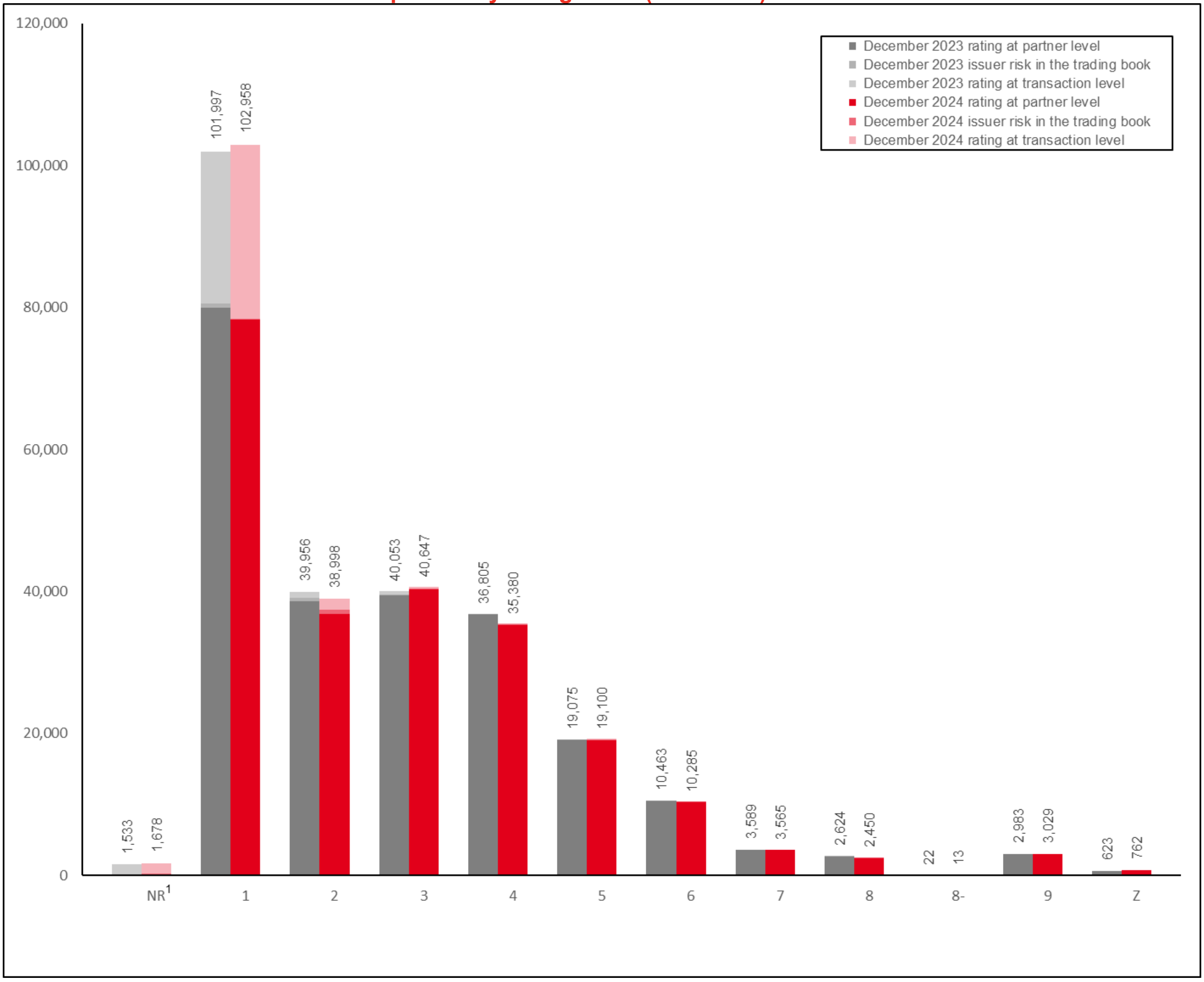
The exposure in the Retail operating segment declined by €6,122 million due among other things to the migration of customer exposures between the Retail and Corporates operating segments in connection with the structural changes in the banking relationship model.

Exposure increased by €9,434 million in the Corporates operating segment, also driven by both structural changes in the banking relationship model and the development of business, including in the Special Products, Telecommunications and IT segments.

Exposure in the Other segment declined by €4,170 million, mainly as a result of reduced deposits at Deutsche Bundesbank.

# Risk Report (Continued)

**Breakdown of credit default risk exposure by rating class (€ millions)**




1 Not rated.

The rating structure of HVB Group remained largely stable in the course of 2024. Slight shifts between rating classes 1 to 4 could be observed, which was due to rating migrations in addition to the business development of various customers.

# Risk Report (Continued)

## Development of metrics by industry group

| | CREDIT DEFAULT RISK EXPOSURE € millions | | OF WHICH ISSUER RISK IN TRADING BOOK € millions | | EXPECTED LOSS[1] € millions | | RISK DENSITY[2] in bps | |
|---|---|---|---|---|---|---|---|---|
| **Broken down by industry group** | **31/12/2024** | **31/12/2023** | **31/12/2024** | **31/12/2023** | **31/12/2024** | **31/12/2023** | **31/12/2024** | **31/12/2023** |
| Financial institutions (incl. foreign sovereigns) | 50,527 | 59,126 | 632 | 1.008 | 18 | 16 | 4 | 3 |
| Real estate | 32,809 | 33,499 | 11 | 12 | 43 | 49 | 13 | 15 |
| Special products | 28,207 | 24,488 | — | 1 | 20 | 14 | 7 | 6 |
| Public sector (incl. German sovereign, excl. public service companies) | 21,557 | 17,597 | — | 47 | — | — | — | — |
| Energy | 12,968 | 12,204 | 62 | 55 | 13 | 13 | 10 | 11 |
| Machinery, metals | 11,543 | 11,515 | 39 | 42 | 30 | 27 | 26 | 24 |
| Chemicals, pharma, healthcare | 10,301 | 10,693 | 63 | 51 | 37 | 40 | 37 | 39 |
| Automotive | 10,043 | 10,100 | 103 | 77 | 17 | 11 | 17 | 11 |
| Consumer goods | 8,960 | 8,794 | 23 | 15 | 20 | 21 | 23 | 24 |
| Telecommunication, IT | 7,622 | 6,481 | 70 | 63 | 12 | 12 | 17 | 19 |
| Services | 7,147 | 6,707 | 67 | 49 | 24 | 29 | 34 | 45 |
| Construction, building materials | 6,417 | 6,666 | 12 | 9 | 17 | 15 | 27 | 23 |
| Food, beverages | 5,933 | 5,938 | 14 | 6 | 11 | 10 | 19 | 18 |
| Transport, travel | 5,795 | 5,107 | 40 | 50 | 8 | 7 | 14 | 14 |
| Agriculture, forestry | 3,600 | 3,391 | 1 | 1 | 6 | 8 | 20 | 24 |
| Electronics | 3,048 | 3,480 | 8 | 15 | 8 | 6 | 27 | 19 |
| Media, paper | 2,013 | 2,261 | 5 | 8 | 6 | 5 | 34 | 23 |
| Tourism | 1,649 | 2,253 | 7 | 1 | 3 | 4 | 20 | 21 |
| Textiles | 1,431 | 1,574 | 2 | 4 | 6 | 5 | 40 | 38 |
| Public service companies | 1,110 | 1,017 | 1 | 49 | 1 | 1 | 10 | 5 |
| Shipping | 935 | 1,047 | 7 | — | 1 | 2 | 11 | 15 |
| Private customers | 25.214 | 25,765 | — | — | 36 | 45 | 14 | 18 |
| Other | 36 | 20 | 16 | 5 | — | — | 59 | 63 |
| **HVB Group** | **258,865** | **259,723** | **1,183** | **1,568** | **337** | **340** | **13** | **13** |

1 Expected loss of the performing exposure without issuer risk in the trading book.
2 Risk density as a ratio of expected loss to performing exposure without issuer risk in the trading book in basis points (bps); 100bps = 1%.

How the top five industry groups developed by exposure within HVB Group is described below.

***Financial institutions (including foreign sovereigns)***
The exposure in the financial institutions (including foreign sovereigns) industry group fell by €8,599 million as at 31 December 2024 compared with year-end 2023, primarily due to reduced deposits at Deutsche Bundesbank. The portfolio's expected loss increased by €2 million and the risk density by 1bp.

Part of the exposure in the financial institutions (including foreign sovereigns) industry group resulted from business activities with UniCredit S.p.A. and other entities affiliated to UniCredit.

# Risk Report (Continued)

***Real estate***
In the real estate industry group, exposure as at 31 December 2024 was at an almost unchanged level (€32,809 million) compared to year-end 2023, with both the expected loss decreasing by €6 million and the risk density falling by 2bp. This was mainly due to the real estate market stabilising again in 2024 with a slight increase in the number of transactions in commercial real estate. The financing business remains focused on Germany.

***Special products***
Special products transactions include ABS/CDO bond investments, customer-related securitisations, securitisations of UniCredit's own assets, structured credit products such as structured working capital finance, margin loan finance and other structured financial transactions (not including project and acquisition finance).

In the special products industry group, exposure increased by €3,719 million in 2024. In this context, the focus remained on customer-related securitisations and ABS/CLO bond investments, as well as margin loan financing, which is also in line with the 2024 risk strategy. The latter determined a strategy of growth within clearly defined parameters involving conservative credit standards (for instance in relation to asset classes and rating quality) for sub-segments of the special products portfolio. Although this growth led to an increase in the expected loss and the risk density, these key ratios, at €20 million and 7bps respectively, continue to remain at a very low level compared with other industry groups.

***Public sector (including German sovereign, excluding public service companies)***
The public sector (including German sovereign, excluding public service companies) industry group essentially contains public authorities and the customer group comprising legal entities under public law in general. As the German states and the development banks enjoying the formers' full liability represent important counterparties for internal liquidity management, the vast majority of the exposure is due to HVB's own liquidity reserves.

In the public sector industry group (including German sovereign, excluding public service companies), exposure increased by €3,960 million in 2024. This increase was primarily attributable to the Bank's investments in liquid assets.

***Energy***
Exposure in the energy industry group increased by €764 million in 2024. The increase was influenced mainly by the continuing major volatility of energy and raw material prices in a challenging, uncertain geopolitical environment overall as well as by increasing investment financing to accelerate the turnaround in energy policy. As our focus for new energy business is on large international companies with strong credit ratings, as defined in the risk strategy and in line with our internal sustainability standards, the portfolio quality remained almost constant overall with an expected loss of €13 million and a risk density of 10bps. Project financing in the renewable energy area is within the scope of the 2024 risk strategy and the financing standards.

# Risk Report (Continued)

**Exposure development of countries/regions**
The following tables provide a comprehensive view of the concentration risk at country level. The exposure figures are shown with regard to the risk country of the customer.

**Development of credit default risk exposure of eurozone countries**

| | CREDIT DEFAULT RISK EXPOSURE | | OF WHICH ISSUER RISK IN TRADING BOOK | |
|---|---|---|---|---|
| **Broken down by eurozone countries (€ millions)** | **31/12/2024** | **31/12/2023** | **31/12/2024** | **31/12/2023** |
| Germany | 159,130 | 173,934 | 185 | 166 |
| France | 14,506 | 12,626 | 139 | 265 |
| Italy | 11,227 | 8,851 | 467 | 329 |
| Spain | 8,899 | 7,662 | 32 | 23 |
| Ireland | 7,742 | 6,816 | 7 | 1 |
| Netherlands | 5,296 | 4,183 | 39 | 48 |
| Luxembourg | 4,771 | 4,030 | 30 | 13 |
| Austria | 3,149 | 2,787 | 28 | 88 |
| Finland | 1,107 | 681 | 3 | — |
| Belgium | 1,007 | 800 | 2 | 8 |
| Slovakia | 196 | 90 | — | 5 |
| Portugal | 120 | 80 | — | 26 |
| Slovenia | 43 | 26 | — | — |
| Greece | 26 | 17 | — | — |
| Estonia | 23 | 22 | — | — |
| Cyprus | 10 | 12 | — | — |
| Croatia | 8 | 9 | — | 3 |
| Malta | 1 | — | — | — |
| Lithuania | — | 1 | — | 1 |
| Latvia | — | — | — | — |
| Supranational organisations and multilateral banks | 8,092 | 4,259 | 20 | 81 |
| **HVB Group** | **225,353** | **226,886** | **952** | **1,057** |

***Italy***
The exposure to Italy also includes the exposure with UniCredit S.p.A.

# Risk Report (Continued)

## Development of credit default risk exposure by country/region outside the eurozone

| Broken down by country/region outside the eurozone (€ millions) | CREDIT DEFAULT RISK EXPOSURE E | | OF WHICH ISSUER RISK IN TRADING BOOK | |
|---|---|---|---|---|
| | 31/12/2024 | 31/12/2023 | 31/12/2024 | 31/12/2023 |
| USA | 10,877 | 11,456 | 72 | 238 |
| Switzerland | 7,146 | 5,755 | 23 | 34 |
| United Kingdom | 5,451 | 5,669 | 88 | 28 |
| Western Europe (without Switzerland, UK) | 2,040 | 1,641 | 27 | 27 |
| Eastern Europe (without euro countries) | 1.690 | 1,279 | 6 | 162 |
| Asia/Oceania (without Japan, China, Hong Kong) | 1,600 | 1,821 | — | — |
| Africa | 971 | 991 | — | — |
| Japan | 727 | 725 | — | — |
| CIS/Central Asia (without Turkey) | 656 | 764 | 3 | 5 |
| including Russia | 483 | 566 | 3 | 5 |
| including Ukraine | 1 | 3 | — | — |
| including Belarus | — | — | — | — |
| North America (including off-shore regions, without USA) | 630 | 539 | 10 | 4 |
| Turkey | — | 655 | — | — |
| Near/Middle East | 562 | 859 | — | — |
| China (including Hong Kong) | 370 | 433 | — | — |
| Central/South America | 167 | 250 | 1 | 14 |
| Without country classification | — | — | — | — |
| **HVB Group** | **33,512** | **32,837** | **230** | **512** |

In 2024, the total exposure to customers in countries/regions outside the eurozone increased by €675 million. The exposure to customers in Russia decreased by a further €83 million in 2024.

### Overlays

The following table shows an overview of the change in the main overlays:

## Development of the overlays

| Distribution by overlay (€ millions) | 31/12/2024 | 31/12/2023 | CHANGE |
|---|---|---|---|
| Geopolitical | 50 | 64 | (14) |
| Commercial real estate (CRE) | 96 | 124 | (28) |
| **HVB Group** | **146** | **188** | **(42)** |

#### *Geopolitical overlay*

The continuation of the geopolitical overlay in the amount of €50 million at year-end 2024 expresses the continuing uncertainty and the ongoing risks in connection with the geopolitical situation and the macroeconomic challenges. The change totalling €14 million in the reporting period arises from the sum of individual effects of the overlays applied in the ongoing review process. These include (1) a change to specific loan loss provisions, (2) the change in the macroeconomic scenario (which compensates for part of the overlay), and (3) the general development of the relevant portfolio.

# Risk Report (Continued)

***Commercial real estate (CRE) overlay***
The overlays recognised for the commercial real estate business decreased in the reporting period by €28 million and amounted to €96 million at the end of 2024. Similar to the geopolitical overlay, this change results from the sum of individual effects: (1) the change to specific loan loss provisions, (2) the change in the macroeconomic scenario and (3) the general development of the relevant portfolio.

**Financial derivatives**
Alongside the goal of generating returns, derivatives are employed to manage market price risks resulting from trading activities (in particular, risks arising from interest-rate fluctuations and currency fluctuations), and also serve to provide cover for on- and off-balance-sheet items within asset/liability management. Besides market risk, derivatives entail counterparty risk and, in the case of credit derivatives, which additionally serve to manage credit risk, also issuer risk.

For purposes of credit default risk, the positive fair values are relevant as replacement values for OTC derivatives. These represent the potential costs that HVB Group would incur to replace all of the original contracts with equivalent transactions in case of the simultaneous default by all counterparties.

On the basis of these replacement values and not taking into account any risk-reducing effects, the maximum counterparty risk for HVB Group as at 31 December 2024 totalled €53.3 billion (31 December 2023: €233.0 billion). The significant decline of €179.7 billion compared with year-end 2023 is primarily attributable to interest rate derivatives (down €184.3 billion). By contrast, interest/currency swaps (up €2.5 billion) and currency-related transactions (up €1.8 billion) recorded an increase.

In accordance with the regulatory provisions under the CRR and taking account of the internal model method (IMM) that has been approved by the regulatory authorities for use by HVB to determine counterparty risk, risk-weighted assets for counterparty risk in HVB Group's derivatives business were €4.7 billion as at 31 December 2024 (31 December 2023: €5.0 billion).

The following tables provide detailed information on the nominal amount and fair values of all derivative transactions and credit derivative transactions of HVB Group.

# Risk Report (Continued)

## Derivative transactions

| € millions | NOMINAL AMOUNT | | | | | FAIR VALUE | | | |
|---|---|---|---|---|---|---|---|---|---|
| | RESIDUAL MATURITY | | | TOTAL | | RESIDUAL MATURITY | | TOTAL | |
| | UP TO 1 YEAR | MORE THAN 1 YEAR UP TO 5 YEARS | MORE THAN 5 YEARS | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Interest rate derivatives** | **304,460** | **605,674** | **524,897** | **1,435,031** | **7,812,650** | **31,834** | **216,113** | **35,218** | **213,467** |
| OTC products | | | | | | | | | |
| Forward rate agreements | 2,760 | — | — | 2,760 | 1,947,921 | 1 | 1,544 | — | 1,556 |
| Interest rate swaps | 219,041 | 401,384 | 351,336 | 971,761 | 5,433,019 | 26,712 | 209,495 | 29,634 | 207,991 |
| Interest rate options | | | | | | | | | |
| - purchased | 31,392 | 94,530 | 86,316 | 212,238 | 148,221 | 3,951 | 3,724 | 1,062 | 376 |
| - written | 31,483 | 95,713 | 87,033 | 214,229 | 163,675 | 958 | 479 | 4,363 | 3,540 |
| Other interest rate derivatives | 8,767 | 3,069 | 212 | 12,048 | 18,681 | 212 | 871 | 159 | 4 |
| Exchange-traded products | | | | | | | | | |
| Interest rate futures | 11,017 | 10,978 | — | 21,995 | 34,189 | — | — | — | — |
| Interest rate options | — | — | — | — | 66,944 | — | — | — | — |
| | | | | | | | | | |
| **Foreign exchange derivatives** | **327,648** | **73,436** | **2,478** | **403,562** | **279,834** | **5,082** | **3,306** | **5,067** | **3,077** |
| OTC products | | | | | | | | | |
| Foreign exchange forwards | 193,081 | 63,555 | 2,474 | 259,110 | 202,535 | 3,971 | 2,450 | 4,296 | 2,606 |
| Foreign exchange options | | | | | | | | | |
| - purchased | 61,385 | 4,032 | 2 | 65,419 | 30,514 | 703 | 277 | 187 | 171 |
| - written | 65,032 | 5,848 | 2 | 70,882 | 36,110 | 190 | 240 | 584 | 300 |
| Other foreign ex-change derivatives | 8,140 | 1 | — | 8,141 | 10,658 | 218 | 339 | — | — |
| Exchange-traded products | | | | | | | | | |
| Foreign exchange futures | 10 | — | — | 10 | 17 | — | — | — | — |
| Foreign exchange options | — | — | — | — | — | — | — | — | — |
| | | | | | | | | | |
| **Cross-currency swaps** | **58,989** | **191,204** | **101,771** | **351,964** | **198,606** | **7,086** | **4,604** | **9,954** | **6,227** |
| | | | | | | | | | |
| **Equity/index derivatives** | **88,761** | **44,166** | **6,524** | **139,451** | **157,434** | **5,851** | **6,456** | **3,895** | **5,141** |
| OTC products | | | | | | | | | |
| Equity/index swaps | 3,428 | 9,617 | 2,245 | 15,290 | 14,039 | 528 | 791 | 314 | 265 |
| Equity/index options | | | | | | | | | |
| - purchased | 4,428 | 1,781 | 696 | 6,905 | 6,359 | 134 | 236 | 17 | 4 |
| - written | 17,562 | 7,037 | 2,830 | 27,429 | 28,300 | 446 | 372 | 566 | 588 |
| Other equity/index derivatives | 27,712 | 1,067 | 20 | 28,799 | 30,633 | 3,109 | 2,556 | 72 | 35 |
| Exchange-traded products | | | | | | | | | |
| Equity/index futures | 11,645 | 5,911 | 707 | 18,263 | 20,749 | — | — | — | — |
| Equity/index options | 22,962 | 18,325 | 19 | 41,306 | 56,110 | 1,634 | 2,501 | 2,926 | 4,249 |
| Equity swaps | 1,024 | 428 | 7 | 1,459 | 1,244 | — | — | — | — |
| | | | | | | | | | |
| **Credit derivatives**[1] | **1,281** | **5,582** | **318** | **7,181** | **12,427** | **169** | **185** | **55** | **203** |
| **Other transactions** | **34,405** | **15,459** | **119** | **49,983** | **45,926** | **3,311** | **2,369** | **942** | **1,272** |
| **HVB Group** | **815,544** | **935,521** | **636,107** | **2,387,172** | **8,506,877** | **53,333** | **233,033** | **55,131** | **229,387** |

1 For details of credit derivatives, please see the tables “Credit derivatives” and “Credit derivatives by reference asset” below.

Derivative transactions with a residual maturity of up to three months accounted for a nominal total amount of €328,250 million as at 31 December 2024 (of which credit derivatives on a pro-rata basis: €233 million).

# Risk Report (Continued)

## Derivative transactions by counterparty type

| € millions | FAIR VALUE POSITIVE 2024 | FAIR VALUE POSITIVE 2023 | FAIR VALUE NEGATIVE 2024 | FAIR VALUE NEGATIVE 2023 |
|---|---|---|---|---|
| Central governments and central banks | 2,911 | 3,572 | 891 | 1,150 |
| Banks | 40,566 | 124,100 | 46,743 | 123,587 |
| Financial institutions | 5,094 | 100,445 | 4,400 | 100,946 |
| Other companies and private individuals | 4,762 | 4,916 | 3,097 | 3,704 |
| **HVB Group** | **53,333** | **233,033** | **55,131** | **229,387** |

## Credit derivatives

| | NOMINAL AMOUNT | | | | | FAIR VALUE | | | |
|---|---|---|---|---|---|---|---|---|---|
| | RESIDUAL MATURITY | | | TOTAL | | POSITIVE | | NEGATIVE | |
| € millions | UP TO 1 YEAR | MORE THAN 1 YEAR UP TO 5 YEARS | MORE THAN 5 YEARS | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Banking book** | **201** | **400** | **41** | **641** | **828** | **—** | **—** | **1** | **1** |
| Protection buyer | | | | | | | | | |
| Credit default swaps | — | 10 | — | 10 | 60 | — | — | — | — |
| Total return swaps | — | — | — | — | — | — | — | — | — |
| Credit-linked notes | 199 | 383 | 41 | 622 | 759 | — | — | 2 | 1 |
| Protection seller | | | | | | | | | |
| Credit default swaps | — | — | — | — | — | — | — | — | — |
| Total return swaps | — | — | — | — | — | — | — | — | — |
| Credit-linked notes | 2 | 7 | — | 9 | 9 | — | — | — | — |
| **Trading book** | **1,080** | **5,183** | **277** | **6,540** | **11,599** | **169** | **185** | **54** | **202** |
| Protection buyer | | | | | | | | | |
| Credit default swaps | 142 | 2,437 | 56 | 2,635 | 5,469 | 20 | — | 45 | 183 |
| Total return swaps | 542 | 531 | 1 | 1,074 | 118 | 65 | — | 1 | 15 |
| Credit-linked notes | 101 | 362 | 62 | 525 | 524 | 6 | 14 | 1 | 2 |
| Protection seller | | | | | | | | | |
| Credit default swaps | 206 | 1,543 | 107 | 1,856 | 5,023 | 78 | 170 | 2 | 1 |
| Total return swaps | — | — | — | — | — | — | — | — | — |
| Credit-linked notes | 89 | 310 | 51 | 450 | 465 | — | 1 | 5 | 1 |
| **HVB Group** | **1,281** | **5,583** | **318** | **7,181** | **12,427** | **169** | **185** | **55** | **203** |

# Risk Report (Continued)

### Credit derivatives by reference asset

| | NOMINAL AMOUNT | | | | |
|---|---|---|---|---|---|
| € millions | CREDIT DEFAULT SWAPS | TOTAL RETURN SWAPS | CREDIT-LINKED NOTES | TOTAL 2024 | TOTAL 2023 |
| Public sector bonds | 54 | 1,021 | 24 | 1,099 | 93 |
| Corporate bonds | 4,388 | 53 | 921 | 5,362 | 11,355 |
| Equities | — | — | — | — | — |
| Other assets | 59 | — | 661 | 720 | 979 |
| **HVB Group** | **4,501** | **1,074** | **1,606** | **7,181** | **12,427** |

Single-name credit derivatives make up 57.4% of the total; multi-name credit derivatives, relating notably to baskets or indices, account for a share of 42.6%.

**Stress tests**
By carrying out stress tests in the credit portfolio, credit risk managers obtain information on a quarterly basis about the possible consequences of a negative change in the underlying economic conditions in addition to the monthly analysis of the real portfolio development. The focus here is on the risk metrics of risk-weighted assets, expected loss and economic capital, and the changes in the portfolio quality. Ad hoc stress tests, inverse stress tests and sensitivity analyses are carried out alongside the stress tests based on macroeconomic scenarios (results of which are included in the cross-risk-type stress test calculations, among others).

## 2 Market risk

**Categories**
We define interest rate risk as the risk of values changing on account of fluctuations in interest rates.

Foreign currency risk arises from fluctuations in exchange rates.

Stock and commodity risk is defined as the risk arising from price changes on the stock and/or commodity markets.

We define the credit spread as the premium on the interest rate compared with a risk-free investment. Fluctuations in the credit spread give rise to credit spread risk. The credit spread risk refers to the fluctuation of the credit spread resulting from spread changes and from a potential default or a change of rating.

The risk that results in particular from changes in volatilities is included in option risk.

# Risk Report (Continued)

### Strategy
Market risk essentially arises in the Corporates operating segment. As was already the case in previous years, the focus in 2024 was on customer transactions.

One part of the market risk is entailed in trading books while the other part lies in strategic investments or in liquidity reserve portfolios. All positions exposed to market risk are subject to corresponding limits.

### Limit system
All market risk-bearing transactions of HVB Group recognised at fair value are aggregated every day to form value-at-risk (VaR) metrics and set against the risk limits for internal control purposes.

In accordance with the 2024 risk strategy, the existing framework for managing market risks has been confirmed. The main purpose of this new framework is to focus on the fluctuation of the values in profit and loss accounting. VaR limits are set for items recognised at fair value through profit or loss (FVTPL) and for items recognised at fair value through other comprehensive income (FVOCI). The risk limits are approved annually by the Management Board of HVB and adjusted as required. Both groups of limits are equally binding and compliance with them is equally enforceable.

When the 2024 risk strategy was adopted, the FVTPL limit for HVB Group of €47 million and the FVOCI limit of €20 million were confirmed.

Monitoring of the regulatory metrics (stressed VaR) and incremental risk charge (IRC) to be used additionally for the internal market risk model is ensured by setting limits for the risk values that are reported on a weekly basis.

Alongside management using the VaR approach, the risk positions of key units are restricted by an additional bundle of granular limits. These limits relate to sensitivities, stress test results and nominal volumes in various risk classes.

### Measurement
The VaR shows the maximum expected loss caused by market price fluctuations that with a certain probability (confidence level) will not be exceeded over a given period. We use a confidence level of 99.00% and a holding period of one day for internal risk reports, management and risk limits.

We use a historical simulation to calculate the VaR. This method makes it possible to calculate the VaR without having to make any fundamental assumptions regarding the statistical distribution of the movements in the portfolio value. It encompasses the generation of the hypothetical distribution of earnings (gains and losses) from a portfolio of financial instruments directly using the historical daily market price fluctuations of the last 250 days.

# Risk Report (Continued)

HVB Group has defined several further market risk metrics under the current CRR rules for risk management as well as the VaR:
- The stressed VaR is calculated in the same way as the VaR; however, the associated 12-month observation period is selected in which the most significant negative market changes for HVB's trading portfolio have occurred. The amount calculated for the regulatory report relates to a holding period of ten days and a confidence level of 99.00%.
- The incremental risk charge (IRC) for credit-risk-sensitive positions is the internal approach used to determine the specific risks (specific price risk for net interest positions). This includes credit default risk and migration risk, meaning that both the change in ratings (migration) and the potential default on a credit product are taken into account. The calculated amount for both regulatory and internal reporting relates to a holding period of one year and a confidence level of 99.90%.
- In addition, further risks not taken account of in the internal market risk model are covered by the regulatory standard approach. This essentially relates to the specific risk entailed in securitisations and risk positions in the form of units in undertakings for collective investment (UCI) and risks arising from shares and indices caused by implicit fluctuations in the repo rate.
- Based on the CRR regulations, we calculate risks with regard to the credit valuation adjustment (CVA). The CVA risk shows the risk of losses in value based on changes in the expected counterparty default risk for all relevant OTC derivatives under CRR. We use our own internal model to calculate the vast majority of the CVA. For the regulatory report, the internal model calculates both the CVA VaR and the stressed CVA VaR on the basis of a 10-day holding period and a confidence level of 99.00%.

### Monitoring and controlling

The market risk positions recognised at fair value are monitored using a hierarchical limit system that restricts the potential loss from market risk. This involves restricting the VaR totals from FVTPL and FVOCI positions by setting appropriate limits.

The VaR figures are reported daily along with the limit utilisation and the profit and loss figures (P/L) to the Management Board member responsible and the persons responsible in the Corporates operating segment. Whenever limits are exceeded, an escalation process is triggered immediately and the reduction of the positions in question monitored.

The Market Risk Management department has direct access to the front-office systems used in trading operations. The monitoring of trading activities comprises prompt allocation to counterparty and market risk limits and detailed validation and coordination of the P/L on the following day. In this context, both the daily changes in the market price risk profile and the P/L generated from new business are calculated.

In addition to the daily reports, the management is informed on a weekly and monthly basis about the results of the risk analysis, including the results of back-testing and stress tests as well as sensitivity ratios.

# Risk Report (Continued)

HVB Group calculates economic capital on the basis of the assumption that operations will continue (continuity of operations). To calculate and allocate the economic capital requirements for market risk, the historical simulation used to determine the VaR is based on an observation period of 500 trading days, in which connection only interest rate and credit spread movements are taken into account for positions carried at cost. Any hedge effect of the model book for own funds is not included. The results from the credit valuation adjustment (CVA) and funding valuation adjustment (FVA) risk are added to this hypothetical distribution, whereby the FVA risk is derived from the expected future funding costs of derivative transactions. Furthermore, market risks are also added that arise from the Incremental Default Risk Charge (IDRC), which in contrast to the regulatory IRC approach only takes account of issuer default, the market risk standard approach and add-ons, in particular for risks from gap options, share repo rates and behavioural models.

Since the second quarter of 2024, pension risk, similarly to market risk, is determined using an historical simulation and directly aggregated with market risk, leading to diversification effects between market and pension risk.

All risks, with the exception of the add-ons, are scaled accordingly to obtain a holding period of one year and a confidence level of 99.90%.

The regulatory capital requirement for market risk encompasses the VaR and stressed VaR for, in each case, a 10-day holding period together with the IRC and the market risk standard approach. The CVA risk is also taken into account. When calculating the capital requirement, the individual risk metrics are aggregated by regulatory averages, maximum calculation and scaling.

### Quantification and specification

The economic capital for market risk at HVB Group, taking account of diversification with pension risk but before taking account of diversification effects with the other risk types, amounts to €1,287 million (31 December 2023: €2,975 million). The decline in economic capital is primarily the result of taking into account diversification effects between market and pension risk, which has been determined since June 2024 using an historical simulation in the same way as market risk.

The following table shows the aggregated market risk for internal risk controlling at HVB Group.

**Market risk of HVB Group (VaR, 99.00% confidence level, one-day holding period)**

| | MARKET RISK OF POSITIONS RECOGNISED AT FVTPL | | | MARKET RISK OF POSITIONS RECOGNISED AT FVTOCI | | |
|---|---|---|---|---|---|---|
| | Average | Period end | | Average | Period end | |
| **€ millions** | **2024** | **31/12/2024** | **31/12/2023** | **2024** | **31/12/2024** | **31/12/2023** |
| Credit spread risk | 2.2 | 1.5 | 3.3 | 8.8 | 11.0 | 7.1 |
| Interest rate positions | 4.1 | 2.7 | 3.8 | 5.2 | 4.9 | 11.0 |
| Foreign exchange positions | 1.6 | 1.2 | 1.1 | 0.3 | 0.4 | 0.1 |
| Equity/index positions[1] | 2.2 | 2.8 | 1.3 | — | — | — |
| Commodity risk | 1.2 | 1.8 | 0.9 | — | — | — |
| **HVB Group[1]** | **4.6** | **4.5** | **7.6** | **10.2** | **13.2** | **8.9** |

1 Because of the diversification effects between the risk categories. the total risk is less than the sum of the individual risks.

The regulatory capital requirements for the quarter-ends of the previous year are described below, broken down by the relevant risk metrics.

# Risk Report (Continued)

**Regulatory capital requirements of HVB Group**

| € millions | 31/12/2024 | 30/9/2024 | 30/6/2024 | 31/3/2024 | 31/12/2023 |
|---|---|---|---|---|---|
| Value at risk | 50 | 39 | 42 | 43 | 49 |
| Stressed value at risk | 150 | 157 | 103 | 113 | 102 |
| Incremental risk charge | 41 | 28 | 59 | 78 | 85 |
| Market risk standard approach | 35 | 27 | 27 | 30 | 35 |
| CVA value at risk | 8 | 9 | 9 | 10 | 12 |
| Stressed CVA value at risk | 34 | 36 | 38 | 34 | 31 |
| CVA standard approach | 19 | 21 | 25 | 29 | 32 |

### Regulatory back-testing of the internal model at HVB

The forecasting quality of the VaR measurement method is reviewed by means of daily back-testing that compares the computed regulatory VaR figures with the changes in the hypothetical portfolio value and additionally with the actual profit/loss. Reportable back-testing outliers occurred in the last 250 days. On three days the hypothetical loss was greater than the VaR figure; furthermore, on five days the actual daily loss was greater than the forecast VAR figure.

In addition to back-testing, further methods are used to check the quality of the model. These involve analysing the risk factors used and adjusting them as required. Risks that cannot be adequately modelled are also monitored and limits set for them if they are material. Furthermore, the suitability of the modelling of the UniCredit risk model used throughout the Group is validated by the “Group Internal Validation” unit.

### Market liquidity risk

Market liquidity risk relates to the risk that the Bank will suffer losses due to the disposal of assets that can only be liquidated on the market at a discount. In an extreme case, HVB Group may not be able to sell such an asset, as the market does not offer enough liquidity, or the Bank holds a position that is too large relative to market turnover. The CRO organisation is responsible for managing market liquidity risk and conducts advanced market liquidity analyses. These uncertainties in the amount of €28 million are taken into account in the income statement in the form of valuation adjustments and in capital withdrawals via additional valuation adjustments of €43 million.

## Stress tests

In addition to calculating the VaR and the other risk metrics, we conduct stress tests on a monthly basis to determine the potential losses in our market risk positions resulting from extreme market movements and extraordinary events. The scenarios we examine range from large movements in interest rates, currency and equity markets through to disruptions in the underlying volatilities. Further scenarios are also considered for HVB Group, such as a widening of credit spreads. We also analyse macroeconomic stress test scenarios based on real market upheavals in the past (historical stress tests) or current threats (hypothetical stress tests).

# Risk Report (Continued)

**Interest rate risk in the banking book**
The interest rate risk in the banking book describes the risk relating to the Bank's capital and income caused by changes in interest rates. The strategy of the interest rate risk in the banking book aims to reduce fluctuations in net interest income as a result of interest rate movements over several years by hedging deposits and capital as well as early mortgage loan repayments in line with internal models. Parameters are based on statistical analyses. Market risk also includes the behavioural model risk, which represents the statistical uncertainty involved in the model assumptions for sight and savings deposits as well as the early repayment of mortgage loans.

HVB Group measures and monitors interest rate risk in terms of the change in the economic value as well as the income of the Bank. In this context, consistent methods and models as well as limits or thresholds are ensured for the sensitivity of net interest and the present value. Interest rate risk exposure from commercial banking transactions is managed and hedged by the Treasury department. The market risk of the Treasury department is monitored on a daily basis. Present value-based measurement shows the effects of fluctuations in the interest rate on the economic value of assets and liabilities as a relevant risk measure. The absolute change in present value and the coefficients from the change in present value and regulatory own funds are calculated on a monthly basis, taking into account the supervisory requirements, in the event of a 200bps increase or a 200bps decrease in interest rates. In addition, six further interest rate scenarios are calculated as early warning indicators, in which, however, the changes in present value are considered in relation to the core capital. In December 2024, the 200bps increase in interest rates and the parallel shift upwards as an early warning indicator resulted in the greatest negative changes in present value. The interest rate scenarios stated are calculated according to the BaFin Circular 6/2019 (BA) on interest rate risk in the banking book. The evaluations are carried out as required without taking account of the hedge effect from the model book for own funds from a regulatory perspective. In accordance with the European Banking Authority, additional modified model assumptions have been included in the calculation of sight and savings deposits.

**Information on interest rate risk in the banking book**

| | 31/12/2024 | | 31/12/2023 | |
|---|---|---|---|---|
| | € millions | in % | € millions | in % |
| + 200 basis points | (1,189) | (6.4) | (1,796) | (9.5) |
| - 200 basis points | 651 | 3.5 | 816 | 4.3 |

HVB Group is well below the specified 20% mark, above which the banking supervisory authorities consider a bank to have increased interest rate risk, and below the 15% mark, which is seen as an early warning indicator. These figures include HVB's positions as well as the positions of the material Group companies, customer margins are not included. The decline in the figures is attributable mainly to the adjusted replication strategy.

In addition to the present value approach, a simulation of net interest in the banking book is performed for HVB Group on a monthly basis. This analysis focuses on the impact that changes in interest rates have on net interest income compared with the benchmark scenario over a defined time horizon. The scenarios are limited internally with parallel shifts of 100bps to 400bps upwards (parallel upwards) or downwards (parallel downwards) in the yield curve according to the EBA's Supervisory Outlier Test (SOT), with the yield curve in euro shifting by 200bps in each case. In addition, positive contributions from the currencies are weighted at 0.5. Assumptions regarding the elasticity of sight and savings deposits are also taken into account. Depending on the contractual agreement with the customer, a floor of 0% could be employed for commercial banking products. In such a case, the interest rate shock downwards would not be fully applied. The simulation is calculated based on the assumption that the balance remains constant. The sensitivity of income (NII sensitivity) is then obtained from the resulting changes in income in relation to Tier 1 capital. The results are below the internal early warning indicator of minus 4.5%.

**Effects of interest rate changes on net interest**

| | 31/12/2024 | | 31/12/2023[1] | |
|---|---|---|---|---|
| | € millions | in % | € millions | in % |
| Parallel upwards | 160 | 0.9 | 98 | 0.6 |
| Parallel downwards | (349) | (2.0) | (232) | (1.3) |

1 Due to the entry into force of the new EBA SOT scenarios, which relate to Tier 1 and no longer to the budgeted NII, the previous year's figures have been adjusted to ensure compatibility between the reporting dates.

The increase in the results compared with the previous year can be attributed mainly to the changed positioning in derivatives.

# 3 Liquidity risk

Liquidity risk consists of the following categories:
– intraday/ operational liquidity risk
– short-term liquidity risk
– structural liquidity risk (funding risk)
– contingency liquidity risk
– market liquidity risk

## Categories

**Intraday/operational liquidity risk**
Intraday operational liquidity risk arises when a financial institution cannot meet its current day-to-day payment obligations (payment obligations within one trading day) from its current incoming and outgoing payments, hence becoming technically insolvent. This can be considered a special type of short-term liquidity risk. An intraday cushion is set up as part of the short-term liquidity cushion with a view to balancing the intraday liquidity requirement and covering unforeseen payment obligations.

**Short-term liquidity risk**
Short-term liquidity risk relates to the risk of a discrepancy in the amount and/or maturity of incoming and outgoing payments in the short run (one year or less).

**Structural liquidity risk**
The structural liquidity risk (funding risk) is defined as the risk of not being able to raise the necessary refinancing funds at an appropriate ratio between medium- to long-term assets and liabilities (over one year), at acceptable prices and in a stable and sustainable manner without adversely affecting the Bank's day-to-day operations or financial position. It could potentially have an impact on the funding costs (own credit and market funding spread) and thus on the future earnings of the company.

**Contingency liquidity risk**
Contingency liquidity risk refers to a liquidity crisis with a high impact but low probability of occurrence. In this case there is a contingency process that can be activated in the event of a crisis.

**Market liquidity risk**
Information on the market liquidity risk is provided in the section entitled "Market risk".

# Risk Report (Continued)

### Strategy
Liquidity management at HVB Group is divided into short-term liquidity management (one year or less) and long-term liquidity management (more than one year). Risk drivers that may be the cause of potential liquidity outflows have been identified for the various segments.

Furthermore, various dimensions of liquidity risk management have been defined to which appropriate instruments and controlling mechanisms have been assigned depending on the type of risk involved.

The risk appetite is defined with regard to liquidity risk on the basis of the business activities and taking into account risk sources and risk drivers. This forms the foundation for the management and limit mechanisms, such as liquidity reports, projections and plans, and the definition of liquidity cushions to be maintained for unexpected outflows of liquidity during the day. The result is the specification of limits, triggers and a minimum survival period that matches the risk appetite. The specific limits are specified annually during the “Risk Appetite Framework” process for the various, short-term and structural liquidity ratios. In each case these must be considered as strict conditions for overall bank management with a distinction between regulatory and economic ratios. In the case of regulatory ratios the limits are defined with a sufficient buffer to the minimum legal requirements in order to ensure a sufficient response time in the event of potential negative developments and allow the timely introduction of corresponding steering measures.

### Limit system
A limit has been set for intraday/operational liquidity risk as part of short-term liquidity risk by implementing a minimum balance to be observed during the day, by means of which liquidity is maintained to cover unforeseeable outflows (intraday liquidity cushion).

For the management of short-term liquidity risk, we have put in place a cash-flow-oriented limit system that presents the relevant balances within HVB Group per working day and limits the positions appropriately.

The difference between the calculated potential liquidity requirement and the existing liquidity reserves is limited.

Funding risk or structural liquidity risk is restricted by defining a limit for the ratio of liabilities to assets.

The effects arising from the change in funding spreads are to a very large extent taken into account by limiting funding risk. In addition, the internal transfer prices for the lending and deposit-taking activities are continually reviewed for appropriateness and regularly adjusted to reflect the market situation.

# Risk Report (Continued)

### Reduction
Among other things, specific processes, the implementation of an early warning system complete with early warning indicators and a limit system as well as the management of highly liquid assets made available as collateral serve to reduce the liquidity risk.

### Measurement
#### Short-term liquidity risk
To measure short-term liquidity risk, cash flow profiles are produced on a daily basis. The resulting balances are compared with the available liquidity reserves, which consist primarily of the available highly liquid securities eligible at all times as collateral for central bank borrowings. The cumulative balance of the above-named components is backed with limits for all maturity buckets of up to three months for the relevant units of HVB Group.

The aggregate amount for the three-month maturity bucket is published in the Risk Report for short-term liquidity risk as the relevant figure for managing the Bank’s liquidity risk.

Furthermore, stress-test scenarios based on the liquidity profiles of the HVB Group units are simulated at regular intervals and the impact on liquidity is calculated. The corresponding stress-test scenarios take account of both company-specific influences (e.g. potential HVB Group-specific incidents) and external factors (e.g. disruptions in global financial markets), as well as a combination of company-specific and external factors (e.g. the scenario demanded under the MaRisk rules). A time horizon of up to two months is defined for the individual stress-test scenarios, during which the available liquidity reserves are expected to exceed the simulated outflows of liquidity. In addition, the defined early warning indicators and relevant concentration risks are determined and monitored at regular intervals. This ensures that countermeasures can be initiated promptly, if required.

Calculating the liquidity coverage ratio (LCR) is intended to ensure that an institution is able to meet its short-term payment obligations under the assumption of an acute stress test scenario over a period of 30 calendar days.

#### Structural liquidity risk
To measure structural liquidity risk (funding risk), the long-term funding requirements based on the expected business development are determined and updated in a coordinated process. The long-term funding requirements, which are used to set the funding targets and are presented to the Financial and Credit Risk Committee in the context of a financial risk session, take into account the assets and liabilities falling due in the planning period. The key assumptions underlying the risk measurement methods are reviewed on a regular basis to assess their appropriateness. The net stable funding ratio (NSFR) is used as the key indicator for measuring funding risk according to CRR II requirements. Furthermore, the funding risk is calculated using an internal ratio, the “Structural Liquidity Ratio (SLR)”, for the time horizon greater than one year and greater than three years. These ratios usually take into account the contractual cash flows of assets and liabilities, or internal models for non-terminated products, such as sight deposits and savings deposits. In addition, the loan-to-deposit ratio is recorded.

# Risk Report (Continued)

## Monitoring and controlling
### Short-term liquidity risk
The task of monitoring the short-term liquidity situation at HVB Group has been entrusted to the Balance Sheet Management unit in the Finance organisation. This essentially involves analysing and controlling the short-term liquidity profiles within the scope of the limits defined and monitored by the CRO organisation on a daily basis. The monitoring and controlling of intraday liquidity risk are essentially performed on the basis of various minimum balances that must be observed during the day and at the beginning of the day. These are set against the current volumes in the relevant accounts on a regular basis and monitored. Responsibility for monitoring and controlling developments on the respective local markets rests with the local Treasury units, which report to the Balance Sheet Management unit as and when necessary.

For short-term liquidity risk, moreover, monthly stress analyses based on various scenarios allow us to make projections on the impact of sudden disruptions on the liquidity position, enabling us to take the necessary management measures as early as possible. Units in the CRO organisation are responsible for monitoring and analysing the stress-test scenarios and the early warning indicators, while the Finance organisation has been tasked with monitoring and analysing the portfolio of freely disposable securities eligible as collateral for central bank borrowings that can be used at short notice to cover unexpected liquidity outflows as well as concentration risk. Additional market liquidity analyses are carried out by the CRO organisation during the stress tests.

### Structural liquidity risk
The task of monitoring the structural liquidity situation at HVB Group has similarly been entrusted to the Balance Sheet Management unit in the Finance organisation. This essentially involves analysing and controlling the long-term mismatches in the maturities of assets and liabilities within the scope of the defined limits and also specified funding targets. Compliance with the long-term funding ratios is monitored on a monthly basis. The front-office units implement the volume and product parameters derived from the funding targets cost-efficiently upon consultation with the Balance Sheet Management unit. This activity is similarly supported by a liquidity cost allocation mechanism – known as Funds Transfer Pricing (FTP) – for all significant business activities, the principles of which are defined in the FTP policy.

The Financial and Credit Risk Committee and the Executive Board are regularly informed about the current liquidity and funding situation. A contingency plan is in place to allow the impact of potential liquidity crises to be managed. This plan regulates the responsibilities and decision-making processes.

The rules and requirements governing liquidity management are defined in internal liquidity management regulations. The key points contained in the regulations relate to the ability to satisfy financial obligations at all times in line with the defined risk appetite. Their objectives include the following: optimising the projected cash flows, restricting the cumulative short-term liquidity differences, performing stress tests at regular intervals and restricting the long-term maturity mismatches between the liabilities side and the assets side.

The internal liquidity management regulations, contingency plan and other supplementary remarks are updated at regular intervals by the CRO organisation with support from the Finance organisation. The regulations are implemented by the operational business units and coordinated and monitored for the relevant units of HVB Group by the Financial Risk unit in the CRO organisation.

# Risk Report (Continued)

## Quantification and specification

### Short-term liquidity risk

Within the framework of our limit system, we showed an overall positive balance of short-term liquidity risk of €35.6 billion at HVB Group for the three-month maturity bucket as at 31 December 2024 (31 December 2023: €43.4 billion). The holding of available securities eligible as collateral for central bank borrowings that can be employed on the next banking day to compensate for unexpected outflows of liquidity, is at €54.6 billion (31 December 2023: €41.5 billion).

The liquidity coverage ratio (LCR) of at least 100% to ensure that an institution is able to meet its short-term payment obligations was met throughout the course of 2024. The weighted average liquidity cover ratio according to the EU directive on prudential requirements for credit institutions and investment firms is at 140% for the twelve-month average at the end of December 2024 (31 December 2023: 148%). The following table shows the individual components of the weighted liquidity cover ratio.

| | Adjusted total value (weighted) | |
|---|---|---|
| **Liquidity cover ratio components** | **31/12/2024** | **31/12/2023** |
| Number of data points used in calculating the average values (weighted) | 12 | 12 |
| High quality liquid assets (HQLA) in € billions | 60.2 | 61.9 |
| Total net average outflows in € billions | 42.9 | 41.8 |
| Liquidity cover ratio (LCR) in % | 140 | 148 |

### Structural liquidity risk

The structural liquidity risk (funding risk) of HVB Group was again low in 2024 thanks to our broad funding base in terms of products, markets and investor groups. This ensured that we were able to obtain adequate funding for our lending operations in terms of volume and maturity within the framework of our limit system. Until the end of December 2024, HVB Group provided funding of €2.3 billion on a long-term basis (31 December 2023: €7.6 billion); our Pfandbriefe remain an important funding instrument, with a volume of €0.9 billion (31 December 2023: €3.9 billion) funded externally on the capital market in 2024. For the NSFR, a minimum regulatory ratio of 100% has been in place since June 2021. At the end of 2024, the HVB NSFR ratio based on the CRR II requirements was at 113.1% (31 December 2023 at 118.5%), and the internal ratios “structural liquidity ratio for more than one year and more than three years” were above the specified limits throughout the entire course of 2024.

| Breakdown of sources of funding of HVB Group | in % |
|---|---|
| Deposits from customers | 56.4 |
| Deposits from banks | 9.0 |
| Debt securities (including Pfandbriefe) | 13.7 |
| Repos[1] | 4.5 |
| Equity | 8.1 |
| Central banks | 0.6 |
| Financial liabilities held for trading[2] | 1.6 |
| Other | 4.7 |
| Financial assets at fair value through profit or loss | 1.5 |

1 Repos from the items “Financial liabilities held for trading”, “Deposits from customers” and “Deposits from banks".
2 Without the item “Negative fair values arising from derivative financial instruments”.

# Risk Report (Continued)

### Stress tests
Stress analyses are carried out at regular intervals, enabling us to make projections on the impact of sudden disruptions to our liquidity position on the basis of various scenarios so that we can initiate appropriate management measures as early as possible.

We include Bank-specific (for example outflows on unsecured funding, low funding plan fulfilment rates, no stress haircuts on the bond position), market-wide (for example outflows on unsecured funding, outflows due to margin requirements from derivatives transactions, stress haircuts on the bond position) and combined scenarios when conducting our stress tests. The calculations at the end of 2024 showed that the available liquidity reserves were sufficient to cover the funding requirements over the minimum period demanded.

## 4 Operational risk

### Strategy
The risk strategy pursues the goal of reducing operational risk (OpRisk) to a reasonable level from a profitability perspective and taking the defined risk appetite into account. The primary aim is to reduce or avoid significant losses by taking appropriate measures and also helps to generate a sustainable improvement in earnings.

To make the risk strategy more specific, Bank-wide and business-segment-specific action areas are defined on the basis of influencing factors and strategic risk areas relevant to operational risk.

### Limit system
Operational risk is part of the internal capital, with a limit set for HVB Group accordingly.

### Reduction
HVB Group has a group-wide organisational structure for operational risk management. The individual business areas of HVB and each subsidiary of HVB Group are responsible for identifying, analysing and managing operational risk.

Loss events that have occurred and significant risks are reported to the Executive Board at regular intervals. On a local level, operational risk managers report losses and relevant risks to their senior management on a quarterly or half-yearly basis.

#### Information technology (IT)
UniCredit S.p.A. provides most IT services for HVB Group. IT services needed to meet special requirements of HVB subsidiaries are provided by additional selected providers. In this connection, both HVB and HVB Group adhere to a control framework set by the UniCredit corporate group in order to monitor and manage all significant IT and cyber risks adequately within the ICT management processes, among other things. Any such outsourcing of activities to further providers is subject to clear IT compliance guidelines and will also be monitored in the context of the overarching control processes.

# Risk Report (Continued)

**Business continuity management, IT service continuity management and crisis management**
The business continuity, IT service continuity and crisis management function demonstrated its effectiveness and appropriateness by successfully mastering critical situations. In addition, the precautions taken for crisis and emergency situations are adapted constantly to accommodate new threats. In principle, responsibility for managing these risks lies with the person responsible for the process and the associated senior management. Comprehensive monitoring and reporting of the residual risks identified is carried out by the Business Continuity & ECM.

**Legal risk and compliance risk**
Legal risk as a subcategory of operational risk is defined as the possibility of losses, damage or costs caused by lack of knowledge of the current legal situation or by a delay in reacting to changes in the law, insufficient and/or inadequate application of the law or unforeseeable changes to case law and/or the interpretation of the law by the authorities.

The Legal department is responsible for managing legal risk and provides advice on legal matters to all units of HVB. Excluded from this are tax law, labour law, data protection and the legal areas covered by compliance, which are overseen by the respective functional departments.

Compliance risk is defined as an existing or future risk to income or capital as a consequence of infringements of or non-compliance with laws, regulations, statutory provisions, agreements, mandatory practices or ethical standards. This may result in fines, compensation for damage and/or contracts being rendered null and void in addition to damaging a bank's reputation.

The management of compliance risk is normally a task of the Bank's Executive Board. Pursuant to Section 25a of the German Banking Act (Kreditwesengesetz – KWG), it is required to ensure that a proper business organisation is in place, encompassing in particular effective risk management, including an internal control system (ICS). Part of the ICS is the compliance function (second line of defence), which helps the Executive Board to manage compliance risk. In terms of the three lines of defence, however, the business units have the task (first line of defence) of knowing, managing and mitigating their own compliance risks.

The Minimum Requirements for Compliance (MaComp) and MaRisk both require a compliance function to be put into place. Both also contain rules on how such a compliance function should be structured. At HVB, both functions are combined in the Compliance unit in order to ensure a uniform approach. Anti-money laundering and fraud prevention as well as preventive measures against infringements of financial sanctions and embargos are also assigned to the Compliance unit. Comprehensive risk assessment is ensured by this approach. On account of its high degree of specialisation, tax compliance is managed and refined within the finance organisation exclusively by the Tax unit.

# Risk Report (Continued)

**Legal risks**
HVB and other companies belonging to HVB Group are involved in various legal proceedings. The following is a chronological summary of cases against HVB and other companies belonging to HVB Group, which individually or collectively in the respective subject areas have a value in dispute exceeding €50 million or are of substantial significance for HVB for other reasons.

In many cases, there is substantial uncertainty regarding the outcome of the proceedings and the amount of possible damages. These cases include criminal or administrative proceedings by the relevant authority and claims in which the petitioner has not specifically quantified the amounts in dispute. In all proceedings where a loss is considered likely, and it is possible to reliably estimate the amount of possible losses, provisions have been set up based on the circumstances and consistent with IFRS accounting principles applied by HVB Group. Whether and to what extent a provision has been set up in proceedings is not disclosed if the outcome of the proceedings could be affected by such disclosure.

***VIP 4 Medienfonds***
Various investors in Film & Entertainment VIP Medienfonds 4 GmbH & Co. KG to whom the Bank issued loans to finance their participation, brought legal proceedings against HVB. In the context of the conclusion of the loan agreements, the plaintiffs claim that the Bank provided inadequate disclosure about the fund structure and the related tax consequences. A settlement was reached with the vast majority of the plaintiffs. An outstanding final decision with respect to the question of HVB's liability for the prospectus in the proceeding pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz) which is pending at Munich Higher Regional Court, will affect only a few pending cases.

***Proceedings related to claims for withholding tax credits***
On 31 July 2014 the Supervisory Board of HVB concluded its internal investigations into the so-called “cum-ex” transactions (the short selling of equities around dividend dates and claims for withholding tax credits on German share dividends) at HVB. In this context, criminal investigations have been conducted against current or former employees of HVB and HVB itself as an ancillary party by the Prosecutors in Frankfurt/Main, Cologne and Munich. With respect to HVB, all proceedings originally initiated by the aforesaid prosecution offices were finally closed with payment of a fine or the payment of a forfeiture.

In December 2018, in connection with an ongoing investigation against other financial institutions and former Bank employees, HVB was informed by the Cologne Prosecutor of the initiation of a new investigation in connection with an administrative offence regarding “cum-ex” transactions involving Exchange Traded Funds (“ETF”). In April 2019 these investigations were extended to so called ex/ex-transactions, in which an involvement of the Bank in the sourcing of cum/ex transactions of other market participants on the ex-day is suspected. The facts are being examined internally. HVB is cooperating with the authorities.

On 28 July 2021, the Federal Criminal Court (BGH) rendered a decision through which the principle of criminal liability of cum/ex structures was determined for the first time. With its decisions of 6 April 2022, 17 November 2022, 20 September 2023 and 24 October 2024 the BGH confirmed four criminal judgements in other cum-ex cases of the Regional Court of Bonn and the Regional Court of Wiesbaden, thus further solidifying its case law. The Federal Constitutional Court rejected several complaints against decisions of the BGH, thereby confirming the case law of the BGH. HVB is monitoring the development.

# Risk Report (Continued)

In June 2023, the Munich tax authorities completed a regular field audit of HVB for the years 2013 to 2016 which includes, among other things, a review of transactions in equities around the dividend record date (so called cum/cum transactions). During these years HVB performed, among other things, securities-lending transactions with different domestic counterparties which include, but are not limited to, different types of cum/cum transactions. It still remains to be clarified whether, and under which circumstances, tax credits can be obtained or taxes refunded with regard to different types of cum/cum transactions. Some of the taxes credited from the cum/cum transactions are currently not recognised for tax purposes by the tax audit. HVB appealed against the tax assessments for 2013 to 2015, which were amended based on the findings of the tax audit regarding cum/cum transactions. Moreover, with respect to cum/cum transactions in which the counterparty of HVB claimed tax credits in the past, it cannot be ruled out that HVB might be exposed to third party claims under civil law.

***Financial sanctions matters***

Following the settlement in April 2019, the U.S. and New York Authorities require an annual external review regarding the evolution of the process implementation. In light of the request, in 2020, the Group appointed an external independent consultant. Following the interaction with the independent consultant and also considering the mandatory commitments towards the Authorities, HVB has implemented additional requirements and controls, about which the bank makes periodic reports to the Authorities. According to the positive outcomes of the reviews, the Federal Reserve has suspended the external independent consultant’s review going forward since June 2023. Negotiations regarding eventual termination of consent order ongoing with relevant US authorities.

***Euro-denominated bonds issued by EU countries***

On 31 January 2019 UniCredit S.p.A. and HVB received a Statement of Objections from the European Commission referring to the investigation by the European Commission of a suspected violation of antitrust rules in relation to European government bonds. The subject matter of the investigation extended to certain periods from 2007 to 2011 and included activities by HVB between September and November 2011. The European Commission concluded its investigation by issuance of its decision on 20 May 2021. The decision provides for the imposition of a fine of €69.4 million on the parent company UniCredit S.p.A and HVB. UniCredit S.p.A. and HVB contest the European Commission's findings and brought an action for the annulment of its decision before the General Court of the European Union on 30 July 2021. A decision is expected in 2025.

***Claims in relation to a syndicated loan***

HVB, together with several other financial institutions, has been named as a defendant in complaints filed by the judicial administrator and foreign representative of a Brazilian oil and gas conglomerate in July 2021 in the United States before the Southern District of New York court claiming damages in connection with the repayment of a syndicated loan for two oil drilling rigs in which HVB participated that defendants are alleged to have unlawfully obtained.

# Risk Report (Continued)

***Claims in relation to sanctions legislation***
Two aircraft leasing companies filed lawsuits in March and April 2022 against HVB's foreign branch in London before a London court. The claims relate to payments arising under certain letters of credit, all of which are governed by English law. The disputes hinge on the interpretation of sanctions legislation and its effect on the letters of credit. After the trial, UK licences authorising payments under the letters of credit were granted and HVB London branch made payments of the principal under the letters of credit to the claimants in autumn 2022. In spring 2023, HVB London branch was nevertheless ordered to pay interest and legal costs. In June 2024, the English Court of Appeal overturned this decision, finding in HVB London branch's favour that it was prohibited from making any payments to the claimants of the principal under the letters of credit until the UK licences were granted. The aircraft leasing companies have appealed to the English Supreme Court. This appeal is likely to be heard in 2025.

***Claims in relation to guarantee payments and sanctions***
In August 2023, HVB was named as a defendant in a lawsuit pertaining to guarantee claims commenced by a Russian energy company before a court in Saint Petersburg, Russia. HVB had issued part of a guarantee package in favour of the Russian company on behalf of a German guarantee client. The Russian company had drawn down the guarantees by making payment claims to HVB, which HVB could not fulfil under the applicable EU sanctions. HVB sought and obtained an anti-suit injunction from the English courts (English ASI), which was granted by the English Court of Appeal on 29 January 2024 and upheld by the UK Supreme Court on 23 April 2024. Notwithstanding the English ASI, the Russian company continued the litigation in Russia, including by securing certain injunction measures against HVB and joining AO UniCredit Bank (a member of the UniCredit Group and a bank operating in Russia) as a co-defendant in the lawsuit. On 26 June 2024, the Russian court fully satisfied the Russian company's claims. Both HVB and AO UniCredit Bank have appealed against the ruling.
On 19 February 2025 the appeal was rejected. HVB and AO UniCredit Bank are entitled to a further appeal (cassation) within two months upon publication of the full decision which does not influence the enforceability of the existing judgement. On 23 December 2024 the Russian company has obtained an anti-suit injunction from the Russian court (Russian ASI) obliging HVB to refrain from any legal action against the Russian company in any jurisdiction and to take steps to annul the English ASI. In the event of violations of the Russian ASI, HVB could become liable to pay a court fine to the Russian company. In light of the obligation in the Russian ASI, on 11 February 2025 HVB obtained an order from the English Court of Appeal amending its 29 January 2024 order to remove the English ASI.

***Claims in relation to counter guarantees and sanctions***
In April 2024 HVB has been named as a defendant in a lawsuit pertaining to guarantee claims commenced by AO UniCredit Bank (a member of the UniCredit Group and a bank operating in Russia) before a court in Moscow, Russia. HVB issued counter-guarantees to AO UniCredit Bank for guarantees by that bank to a Russian company. Upon payment by AO UniCredit Bank to the Russian company out of the guarantees, AO UniCredit Bank made payment claims under the counter-guarantees to HVB, which HVB could not fulfil under applicable EU sanctions. On 9 October 2024, the Russian court ordered HVB to pay the guarantee amounts plus interest. HVB has appealed against the ruling. On 22 January 2025 the appeal was rejected. HVB is entitled to a further appeal (cassation) within two months upon publication of the full decision which does not influence the enforceability of the existing judgement.

# Risk Report (Continued)

### Measurement

The operational risk of HVB Group was calculated up to the fourth quarter of 2024 for HVB and its material subsidiaries – HVB Immobilien AG and UniCredit Leasing GmbH (together with subsidiaries) – using an internal model in accordance with the Advanced Measurement Approach (AMA model). The standard approach is applied for all other subsidiaries in the respective area of application.

The AMA model is based mainly on internal and external loss data. The process involves computing loss distributions for each model risk category. A model risk category is determined by combining the Basel loss event category and the product category of the loss event. Scenario data are used to complete the data for rare yet extreme events. The method used to aggregate the individual data sources is based on the Bayesian model and is applied to the loss distribution parameters for each model risk category.

The Value at Risk (VaR) is determined using a Monte Carlo simulation. The VaRs of the individual model risk categories are modified to reflect internal control and business environment factors. In the aggregation, correlations between the model risk categories and risk-reducing measures, such as insurance policies, are taken into account.

In line with UniCredit's approach, operational risk capital is calculated based on the Advanced Measurement Approach (AMA) at the level of the UniCredit corporate group as a whole and then distributed as a first step to the subgroups (known as hubs), including HVB Group, and as a second step, to the AMA subsidiaries, using a risk-sensitive allocation mechanism.

The model was developed by UniCredit S.p.A. HVB checks the plausibility of the calculation results at regular intervals. The AMA model is validated on an annual basis to ensure that it is appropriate.

As of the first quarter of 2025, the regulatory OpRisk capital of HVB Group will be calculated according to the provisions of the then valid Capital Requirement Regulation (CRR) on the basis of a new simplified approach, the Standardized Measurement Approach (SMA). This approach is based on the calculation of the Business Indicator (BI), a key indicator which is determined primarily from earnings and business data – defined precisely by the regulator – of the past three years. The OpRisk capital is derived from the multiplication of the BI by a factor that depends, according to regulatory requirements, on the size of the financial institution. UniCredit S.p.A. is responsible for the development of the SMA and the corresponding results of the calculation are reviewed by HVB for their plausibility.

### Quantification and specification

The economic capital for HVB Group's operational risk, without taking account of diversification effects between the risk types, amounts to €664 million as at 31 December 2024 (31 December 2023: €696 million).

### Stress tests

The impact of macroeconomic scenarios on operational risk is analysed within the scope of the cross-risk-type stress tests.

# Risk Report (Continued)

## 5 Other risks

In the section entitled “Other risks”, HVB Group collates the following types of quantifiable risk: real estate risk, business risk, pension risk, reputational risk and model risk as well as the risk type strategic risk, which is described exclusively in qualitative terms. The risk arising from outsourcing activities and the sustainability risk are not treated as a separate risk type at HVB Group but are considered a cross-risk type and are consequently listed under other risks. The investment risk is mapped through market risk and credit risk.

### Real estate risk

A fundamental distinction is made in real estate risk between real estate required for operations (used by the Bank) and real estate that is not used for operations (not used by the Bank).

Real estate management ensures value- and cost-optimised management, the operation of the buildings and the fulfilment of the UniCredit Bank GmbH’s space requirements in terms of size, quality and cost optimisation. The longer-term orientation for real estate used by the Bank corresponds with the Bank’s strategy of preferring Bank-owned properties over rented properties for own use and making such properties available for the banking operations of HVB Group at market terms on a cost-optimised basis.

The main risks for the Bank-owned portfolio primarily stem from the development of the market value. The risk drivers are the future usage by the Bank, market rents, occupancy rate, required investment and the price development on the real estate market. ESG criteria also play an important role in portfolio strategy, maintenance decisions and investment decisions. The medium-term goal for the real estate portfolio not used by the Bank, on the other hand, is to realise the best possible value upon disposal of the portfolio; in this regard, the impact on both the income statement and the Bank’s other management instruments is crucial for the individual decisions. This tallies with the overarching strategy for dealing with real estate risk.

Real estate risk is managed overall on the basis of an economic capital limit for HVB Group. In addition, economic capital limits adjusted for diversification effects were allocated to the operating segments and the relevant subsidiaries for 2024 in the context of overall bank management. Based on these limits, HVB Group defined additional early warning indicators in the form of targets and triggers in order to identify in advance any overshooting.

To quantify real estate risk, the Bank uses an empirical Bayesian model (a group-wide real estate risk model) with a confidence level of 99.90%. This model applies an expected-shortfall approach which also takes account of the possible risk of extreme values (tail risk) (i.e. losses in excess of the VaR).

The economic capital for real estate risk is measured by the Integrated Risk (CRI3) unit and calculated by the Data & Intelligence (DOP6). The Credit Risk Control (CRI4) unit is responsible for reporting. In line with the risk strategy, quarterly risk reporting also includes a comparison of the actual values with the limits.

# Risk Report (Continued)

The economic capital for real estate risk at HVB Group, without taking account of diversification effects between the risk types, amounts to €254 million as at 31 December 2024 (31 December 2023: €271 million).

The risk figures relate to a portfolio valued at €2,237 million.

**Breakdown of the real estate portfolio by type**

| | PORTFOLIO VALUE € millions | | SHARE in % | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Real estate used by the Bank | 1,817 | 1,925 | 81.2 | 81.3 |
| Real estate not used by the Bank | 420 | 443 | 18.8 | 18.7 |
| **HVB Group** | **2,237** | **2,368** | **100.0** | **100.0** |

The impact of macroeconomic scenarios on real estate risk is analysed within the scope of the cross-risk-type stress tests.

## Business risk

The strategy for business risk is based on the direction of business over the medium term and is reflected in planning. As part of its general cost and income management, each business unit is responsible for the operational management of business risk.

Business risk is managed overall on the basis of an economic capital limit for HVB Group. Based on this limit, HVB Group has additionally defined early warning indicators in the form of targets and triggers in order to identify in advance any overshooting.

HVB Group uses a group-wide model to measure the economic capital used by business risks that is based on a time series model of the quarterly income. The economic capital requirement corresponds to the unexpected loss and is quantified using value-at-risk (VaR) metrics over a period of one year and a confidence level of 99.90%.

The economic capital for the business risk is measured by the Integrated Risk (CRI3) unit and calculated by the Data & Intelligence (DOP6) unit. The Credit Risk Control (CRI4) unit is responsible for reporting. In line with the risk strategy, quarterly risk reporting also includes a comparison of the actual values with the limits.

The economic capital for HVB Group's business risk, without taking account of diversification effects between the risk types, amounted to €284 million as at 31 December 2024 (31 December 2023: €291 million).

The impact of macroeconomic scenarios on business risk is analysed within the scope of the cross-risk-type stress tests.

# Risk Report (Continued)

## Pension risk

In risk management, pension risk is regularly calculated and monitored in line with the market risk method. Using a simplified procedure, historical simulations are carried out for the most important risk parameters of the various capital investments and cash flows on the commitment side. The resulting risk figure is taken into account when calculating the risk-bearing capacity with full diversification for market risk. HVB Group's total pension risk, diversified with market risk but before taking account of diversification effects with other risk types, was calculated at a value of €626 million as at 31 December 2024 (31 December 2023: €1,048 million). The decrease compared to the end of 2023 is primarily due to diversification effects with positions in market risk as a result of the new method of calculation. Furthermore, the effects on pension risk are regularly examined as part of the cross-risk stress tests.

The direction of interest rates still appears to be the main driver of risks when determining the amount of recognised pension obligations. After the strong increase in 2022, followed by a slight decline in 2023, the long-term yields moved sideways in 2024, with significant year-on-year fluctuations during the year. The current level of interest rates makes it easier to generate returns on plan assets from the fixed-income securities segment. Despite the downward trend, inflation remained above the medium/long-term actuarial assumptions. This led to corresponding pension adjustments and an increase in obligations above the actuarial assumptions already taken into account. The level of funding has accordingly fallen slightly despite the solid performance of the investments. Central banks have responded to the decline in inflation with the first cuts in key interest rates. A further slow decline in inflation toward the central banks' target value is expected, which is likely to lead to further cuts in key interest rates over the course of the coming year. This is also likely to support the still weak economic development. The geopolitical risks and possible further trade disputes as a result could lead to an increase in the range of fluctuation on the capital markets with potentially negative effects on the asset side, and especially on shares. There is also a certain risk that inflation will remain more persistent and that central banks will turn again to a restrictive monetary policy.

## Strategic risk

As a universal bank, HVB Group is a provider of banking and financial services with a focus on Germany. It offers a comprehensive range of banking and financial products and services to private and corporate clients, public institutions and international companies, was well as institutional clients. Therefore, HVB Group's profitability and risk profile are influenced in particular by the economic development in Germany and the development of international financial and capital markets. In this context, strategic risk results from management either not recognising early enough or not correctly assessing significant developments or trends in the Bank's environment. As a consequence, fundamental management decisions could, in retrospect, prove to be disadvantageous in terms of the Bank's long-term goals. In addition, some decisions may be difficult to reverse or cannot be reversed at all. In the worst case, this can negatively impact the profitability and risk profile of HVB Group.

# Risk Report (Continued)

The following areas are currently classified as relevant for the occurrence of strategic risk:
– Economic environment – Geopolitical tensions, such as those caused by the Russia-Ukraine conflict, and the changes in political power, such as the re-election of Donald Trump, are creating economic uncertainties and increasing risks for the export-oriented German industry, which could have negative effects on the earnings situation of HVB Group.
– Strategic orientation of the business model of HVB Group – Delays in the required adjustments of business units could lead to imbalances in the earnings contributions of the business areas.
– Bank-specific risks – The intensification of competition in the financial sector could, for example, lead to further shifts in market shares.
– Regulatory and legal framework – Should HVB or one of its subsidiaries not fully comply with the regulatory requirements of the supervisory authorities, this could lead to sanctions by the competent supervisory authority.
– Rating of UniCredit Bank GmbH – A rating change downwards (downgrade) could make refinancing costs more expensive or have a negative impact on business opportunities as a counterparty in the interbank market or with rating-sensitive customers.

The strategic risk is not quantified as part of internal capital but is assessed qualitatively instead. This assessment is based on a traffic light system: low risk (green), increased risk (yellow) and high risk (red). Furthermore, the national and international environment in which HVB Group operates is continually monitored (for example, political, economic, regulatory or specific banking market conditions) and the Bank's own strategic positioning is continually reviewed.

Strategic risk is monitored by the Executive Board and its business managers and, if necessary, analysed in depth on an ad hoc basis. Any changes in the strategic parameters are discussed at Executive Board meetings, whereby alternative courses of action are derived and implemented as required. A dialogue with external experts (such as management consultants and independent auditors) regarding strategic issues and options at Executive Board level and below ensures the involvement of external experts' know-how.

## Reputational risk
HVB and its most important subsidiaries apply a holistic approach to reputational risk management. This means that all significant new activities and transactions at the Bank are analysed with regard to reputational risk as a basic rule.

Business relationships and new transactions/activities such as new product processes, outsourcing, projects and particular investments (such as special purpose vehicles) are included, as well as any other new activity as is appropriate. The units responsible in each case are required to analyse the transactions/activities to identify any reputational risk, taking into account the existing guidelines. Once a reputational risk has been identified, the appropriate specialist departments are called in who will assess the reputational risk identified in terms of quality. The final decision based on the risk analysis and qualitative assessment is the responsibility of the Non-Financial Risk and Control Committee or the head of Non-Financial Risks.

The individual business areas and central units are responsible for reputational risk management. Overall responsibility for monitoring rests with the Non-Financial Risks unit (CRO organisation). The Non-Financial Risks unit prepares a yearly RepRisk Report.

# Risk Report (Continued)

In addition, UniCredit's Group-wide method for quantifying reputational risk is used at HVB Group. For the purposes of quantification, reputation risk is defined as the impact of "negative sentiment" in the opinion-forming media (press, television, online media) on UniCredit's future profits generated by the reporting of an event that has a negative impact on the Bank's reputation.

UniCredit's method for quantifying reputational risk is based on measuring the semi-elasticity between the development of the Media Tonality Index (a measure whose development reflects changes in UniCredit's reputation) and the development of the idiosyncratic portion of the expected profits. The economic capital for reputational risk is based on the value-at-risk (VaR) measure, which is calculated at a confidence level of 99.90% and is derived from the distribution of expected declines in profit.

The economic capital for reputational risk is calculated on a quarterly basis at UniCredit corporate group level and – based on the weighted "ratio of capital for the subsidiary's operational risk to the capital for the UniCredit corporate group's operational risk" – distributed between the subsidiaries of UniCredit corporate group.

The Non-Financial Risks unit checks the results obtained from calculating the economic capital for HVB Group's reputational risk for plausibility on a quarterly basis. The method for the quantification of reputational risk is validated at regular intervals.

The economic capital for reputational risk of HVB Group, without diversification effects between the risk types, amounts to €146 million as at 31 December 2024 (31 December 2023: €128 million).

The impact on reputation risk stemming from a change in sentiment about UniCredit in the opinion-forming media is examined in the course of cross-risk-type stress tests. The extent of this change is determined by assessing the severity of the respective macroeconomic scenario.

# Risk Report (Continued)

## Model risk
As part of the diversification across all risk types, model risk is taken into account via a charge that reflects the risk of model weaknesses due to data errors, inaccurate assumptions and incorrect methodology within the framework of ICAAP calculations. The estimation of this economic capital component is based on an internally developed methodology. The results of this methodology are converted into model risk percentages based on defined scoring functions. A model risk percentage is also taken into account for the risk aggregation model, which aims to estimate the diversification benefit. In this case the relevant model risk percentage is applied directly to the diversification benefit. The model risk charge is also taken into account in the limitation of economic capital.

The model risk charge amounted to €122 million as at 31 December 2024 (31 December 2023: €160 million).

## Sustainability risk
In addition to the "Social and Corporate Governance" component, HVB Group focuses in particular on the "Climate & Environment" (C&E) component.

Climate and environment (C&E) factors relate to the quality and functioning of the natural environment and systems and include factors such as climate change, biodiversity, energy consumption, environmental pollution and waste management. These are factors that can have a negative financial impact through various risk drivers.

The associated risks can be categorised into physical risks and transition risks:
– Physical risks relate to adverse financial effects from climate change, including more frequent extreme weather events and gradual global warming, as well as environmental degradation (e.g. water and land pollution, biodiversity loss and deforestation). Physical risks are divided into "acute" caused by extreme weather events (such as droughts, floods and storms) and "chronic" caused by ongoing climate change (such as rising sea levels, loss of biodiversity, scarcity of resources). These can directly result in damage to buildings and reduced productivity.
– Transition risks relate to the financial loss to the institution that may result directly or indirectly from the process of transitioning to a low-carbon and more environmentally friendly, sustainable economy. For example, this could be triggered by an abrupt shift in climate and environmental policy, technological progress or changing consumer behaviour.

Social and governance factors relate to the rights, well-being and interests of individual people and communities, including governance regulations relating to ecological and social factors in counterparties' policies and procedures.

Sustainability risk is materialising across the traditional risk types (credit risk, market risk, operational and reputational risk, liquidity and funding risk) and is gradually being integrated into risk monitoring within the framework of a project.

# Risk Report (Continued)

**Risks arising from outsourcing activities**

Outsourcing involves the transfer of activities and processes to intragroup and external service providers. Parts of the operational risk can also be mitigated by transferring the liability, while contractual risks arising from the outsourcing arrangement remain within HVB or a subsidiary of HVB Group. An outsourcing arrangement is deemed to exist when a different company is contracted to carry out activities and processes in connection with the performance of banking business, financial services or other typical banking services that would otherwise be performed by the outsourcing company itself. This includes outsourcing arrangements within UniCredit as well as the subcontracting of outsourced activities and functions to subcontractors.

Outsourcing risk is considered a cross-risk-type risk at HVB Group and is not treated as a separate risk type. Outsourcing activities affect the following risk types in particular: operational risk, reputational risk, strategic risk, business risk, credit risk, market risk and liquidity risk. Those risks that are identified and assessed in an in-depth risk analysis are managed as part of the respective risk type. Specific risks arising from outsourcing activities that cannot be assigned directly to a specific risk type are managed by the unit responsible for the outsourcing in question.

The respective project team and defined functional departments (including Operational Risk Management, Compliance, Legal, Corporate Affairs & Documentation, Data Protection and Business Continuity Management) use a standardised procedure to classify outsourcing arrangements as “not critical/material” and “critical/material”. An in-depth risk analysis covering the other risk types as well as operational risk is performed for all outsourcing arrangements. A retained organisation (RTO) responsible for the arrangement is set up for each outsourcing arrangement that manages the risks identified. The identified risks are incorporated in HVB Group’s risk management in the processes defined for the risk types concerned. The operational risk managers help the project managers and the heads of the RTOs to prepare and/or update the related risk analyses. Other external service providers for whom aspects of ICT security, data protection or business continuity are relevant have been evaluated in a dedicated third-party risk management process since mid-2020.

In HVB Group, no new critical/significant outsourcing contract was concluded by HVB in 2024. In the HVB Group. As a result of the sale of Structured Invest S.A. within the HVB Group, contracts for ICT services with UniCredit International Bank Luxembourg S.A. and fund service contracts with Caceis Bank S.A., Luxembourg Branch, Caceis Fonds Service GmbH and Aztec Financial Services S.A. are no longer significant outsourcing activities within the HVB Group. The change in the above-mentioned contracts did not result in a significant change in the risk. At HVB, the services relating to back-office activities in two critical/significant contracts with UniCredit S.p.A. were merged and a critical/significant contract in the Milan branch was terminated, and the services integrated into existing contracts. The changes were purely technical in nature and did not affect either organisation or risk.

# ICS – Internal Control System

## Internal control system with regard to the financial reporting process

Section 315 (4) of the German Commercial Code (Handelsgesetzbuch – HGB) requires capital market-oriented companies as defined in Section 264d HGB to describe the main features of their internal control system (ICS) and risk management system with regard to the financial reporting process.

As part of the UniCredit corporate group, HVB Group is also obliged to comply with Italian Law 262 of 2005 ("Savings Law" – Law 262/2005 and Legislative Decree 303/2006 – based on the American law "Sarbanes-Oxley Act"; Law 262). In addition to Finance's internal controls, there are further audit and control steps in the upstream processes and organisations.

The accounting-relevant internal control system (ICS), which is required by Italian and German legislation, represents the accounting-relevant sub-aspect of the ICS of UniCredit Bank GmbH.

### Definitions and objectives

The internal control system (ICS) encompasses the policies, processes and measures needed to ensure the financial reporting process including the related reporting as well as compliance with the applicable legal provisions. It is intended to ensure that internal and external financial reports are correct and reliable and that the assets, provisions, liabilities, and deferrals and accruals are correctly classified, recognised and measured and changes in equity are correctly shown.

Risks with regard to the financial reporting process might, for example, involve human processing errors, system weaknesses or fraudulent conduct resulting in significant financial misrepresentations or delays in financial reporting, and these might not give a true and fair view of the assets, liabilities, financial position and profit or loss. These risks might possibly entail legal penalties and, in addition, the erosion of stakeholders' confidence and thus damage to the Bank's reputation. The purpose of the ICS with regard to the financial reporting process is to implement controls that ensure with an adequate degree of certainty that the annual and consolidated financial statements together with the Combined Management Report are prepared in compliance with regulations despite the identified risks.

The risk management system is formulated in broad terms and relates above all to strategic management, the identification, quantification, assessment, monitoring and active management of risk. The ensuing coordination of risk-management, risk-controlling and risk-monitoring processes in HVB Group is presented in the Risk Report in the present Combined Management Report. The respective risk types are described in detail in the sections entitled “Risk types” and “Risk types in detail”.

# ICS – Internal Control System (Continued)

The methodology of the ICS applied throughout the corporate group for the accounting process and thus the periodic updating and certification of essential processes, including risk and control assessments, is based on the international "Internal Control - Integrated Framework" of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. In this context, it is important to define specific objectives for the promotion and systematisation of an accounting-relevant control system and to monitor the effectiveness of the control system on the basis of these. Among other things, these include:

– Accuracy, existence (balance sheet) and realisation (profit and loss account): Correct accounting and presentation of the relevant transactions according to the accounting documents in the respective application systems and in the financial reports
– Completeness: Complete recording of material assets and liabilities, expenses and income, transactions or events that have an impact on accounting and financial reporting
– Rights and obligations: Ensuring the legal verifiability of the accounting entries made
– Valuation and measurement: Appropriate value and accrual accounting of the relevant transactions
– Presentation and publication: Correct and timely classification, presentation and disclosure of financial reports

Even the extensive structuring of the ICS can naturally only ensure that the objectives of the ICS are achieved with reasonable assurance but not with absolute certainty. The documented controls carried out within the framework of the ICS for the relevant processes or systems are therefore unable to completely eliminate mistakes or fraudulent actions. It must also be taken into account in this context that the work performed and spending on the ICS must be commensurate with the benefits achieved.

### ICS organisation

The Executive Board determines the extent and orientation of the ICS specifically geared to HVB Group, taking measures to refine the systems and adapt them to changing conditions. At its meetings, the Executive Board discusses the monitoring of key projects and measures related to the ICS on a regular basis.

Responsibility for the financial reporting process and, in particular, for the preparation of the annual and consolidated financial statements rests with the Finance organisation under the management of the Chief Financial Officer (CFO). Finance receives significant support in this context from the Chief Risk Officer (CRO) by the CRO also assuming responsibility for the measurement of financial instruments (receivables, securities and derivatives), among other things.

The Finance organisation is also supported in the technical process of preparing the financial statements by the Human Resources department (recognition and measurement of payroll expenses), the Real Estate area (property valuations, among other things), the Legal department (recognition and measurement of legal disputes and other legal risks) and external third parties. The latter essentially extend to various expert opinions of external service providers relating to such things as the measurement and accounting treatment of pension provisions.

Technical system support for the application systems used in Accounting and especially in connection with preparing the financial statements has been outsourced to UniCredit S.p.A. This is monitored and managed by the Retained Organisation in the Digital & Information business area.

# ICS – Internal Control System (Continued)

**Organisational structure and tasks of the Finance organisation**
For financial reporting processes, Finance is essentially broken down into the following areas:

HVB's financial reporting including foreign branches is conducted by the Financial & Regulatory Disclosure (CFF) area. This area has functional responsibility for the accounting systems employed by HVB. At the same time, the CFF area is responsible for fundamental accounting issues concerning IFRS and HGB, preparing the financial statements and is also in charge of financial reporting in the annual reports of HVB and HVB Group. In addition, accounting for subsidiaries, HVB's property portfolio, the administration of shareholdings for financial reporting purposes and the regulatory reporting for HVB Group to the banking supervisory authorities are positioned in this area.

The tax department (CFT/Tax) monitors compliance with tax laws on the one hand and on the other hand, advises the Executive Board, the business lines and the competence lines on tax-related concerns of HVB, including its foreign branches.

Planning (CCP) is tasked with central business management at HVB Group. CCP has process responsibility for the preparation of income budgets and income projections as well as the preparation and validation of the internal segment report in accordance with IFRS. Moreover, the business area-related controlling areas for all the segments excluding the Corporate Center are assigned to CCP. The reconciliation of the result for Client Risk Management is carried out between CCP and Accounting. The reconciliation of the result for Treasury is carried out between Accounting and Balance Sheet Management.

In the fourth quarter of the reporting year, cost controlling was taken out of CCP and is now a separate area within the Finance organisation. The management of capital and capital allocation as well as the risk-return methodology were transferred from CCP within the Finance organisation to Balance Sheet Management. Furthermore, the management of shareholdings was transferred to the Legal area, which reports to the Spokeswoman of the Executive Board (CEO).

In addition, the Data & Intelligence area, which is positioned outside the Finance Organisation, is responsible for data and information governance in coordination with Group Data & Intelligence. In addition, significant parts of the data production for the Finance area are amalgamated in Data & Intelligence to achieve a continual improvement in data quality. This area also has responsibility for the implementation of various IT projects relating to financial reporting.

# ICS – Internal Control System (Continued)

**Controls in the ICS for risk minimisation**

Based on the requirements under Law 262 and the legal requirements of the German Commercial Code, a number of financial reporting processes complete with the risks and controls that these include are documented, updated every six months and internally certified in the course of implementing the ICS at HVB Group. To reduce material risks of misrepresentation in financial reporting, preventive and investigative controls are carried out that are documented in process descriptions. Compliance with the separation of functions and with approval authority regulations is ensured when defining controls. Controls comprise both manually operated system-based controls and purely manual controls.

The focus of risk and control analysis is on identifying and evaluating material risks and controls relevant to financial reporting. Identified risk potential is to be sufficiently reduced through defined controls. In periodic representative spot checks, those responsible for the controls document the implementation of these controls and provide adequate records. If no controls are implemented or if controls are identified that do not sufficiently reduce risk, or there is insufficient documentation of the controls, measures are initiated to eliminate the identified deficiencies. The timely implementation and documentation of these measures are reviewed on a quarterly basis.

In a half-yearly two-stage certification process, the management of the areas in charge of processes and controls confirms to the CFO of HVB Group and the CFO to UniCredit S.p.A. that controls to ensure correct reporting have been carried out.

Furthermore, an annual analysis is carried out on the basis of company level controls. This is a list of questions based on the international COSO framework, the answers to which are used to check the existence of comprehensive control measures in HVB Group that are suitable for reducing the risk of misrepresentation to third parties or incorrect actions in relation to accounting.

From the 2024 annual financial statements onwards, this procedure will also be applied to the key processes, including risks and controls, of the Corporate Sustainability Report as part of external financial reporting.

The controls cover the aspects of the ICS described below:

Group posting and accounting rules defined in the UniCredit Group Accounting Manual (GAM), which is valid for the Group as a whole, serve to ensure consistent financial reporting about the Group’s business activities. In addition, there are general accounting rules set out in the Bank-wide Operating Guidelines, the application of which is mandatory for all process participants.

# ICS – Internal Control System (Continued)

HVB uses SAP AG's standard SAP Balance Analyzer and Business Warehouse software to prepare its annual financial statements. The SAP Balance Analyzer concept is based on the mainly automated uploading of individual transaction data from the upstream systems relevant to financial reporting (sub-ledger). The items provided by the upstream systems are reconciled and an automatic comparison of the totals with the general ledger account balances is carried out, which serves as proof of the completeness of items in the income statement and in the balance sheet. Accounting collates the data relevant to the financial statements. At the same time, it also corrects errors and carries out manual entries of one-off transactions and closing entries. Adjustments and closing entries are carried out by authorised persons in accordance with the dual control principle. Furthermore, deviation analyses are conducted at item level to minimise the risk of error and incomplete data.

The ICS for securities, derivatives and other trading-related transactions also comprises the following components:

- The allocation of transactions to holding categories compliant with IFRS and HGB is primarily governed by the orientation of the operating units. The holding category for each (trading) book and the trading strategy pursued are determined individually. Accounting is involved as an authorising body to ensure compliance with individual requirements for classification according to the respective accounting standard.
- Requirements for accounting entries based on the respective holding category – initiated by transactions – are defined in the accounting systems.
- The income calculated for financial reporting purposes is reconciled on a monthly basis by comparing it with the result of the economic income statement that serves as the basis for the daily information provided to the Executive Board. Following this, the results are analysed and comments made on the content of the deviation analysis.
- Risk Controlling, which reports to the CRO, performs several tasks in connection with ensuring measurement and other information relevant to the financial statements (for example: level allocation) of the financial instruments mentioned above. Firstly, Risk Controlling checks transactions to ensure their compliance with market pricing. Secondly, Risk Controlling determines and checks the measurement of financial instruments in front office systems. Depending on market parameters and asset classes, market data are supplied by both the Trading area and external sources such as Bloomberg, Reuters, MarktIT and others. Measurement adjustments and measurements based on estimates are agreed between the CRO and Finance areas.
- In line with the separation of functions, the back office handles the processing of HVB trades. External service providers have been engaged to process securities transactions in Germany and for the Milan branch. This ensures that trades are processed independently of the Trading area.

Products with a credit risk are subject to a comprehensive risk management, risk control and risk monitoring process. Please refer to the Risk Report in this Combined Management Report for further information.

A cross-area new product process is in place for launching new products, which is described in the Operating Guidelines. The products relevant for a new product process are addressed in this. The process involves all the areas concerned as these must give their approval or have veto rights and are authorised to enforce adjustments and restrictions and even discontinue the new product process.

# ICS – Internal Control System (Continued)

The consolidated financial statements prepared in accordance with IFRS are based on the standalone financial statements of HVB, the subsidiaries included in the consolidated financial statements and special purpose entities on the basis of local accounting rules. These financial statements are adjusted specifically for HVB Group in line with the group-wide UniCredit accounting principles and then reconciled with uniform corporate group standards by the reporting companies and at the same time transformed to comply with the corporate group's chart of accounts. The figures for the consolidated financial statements and the subsequent consolidated entries are collected and reported using the TAGETIK CPM consolidation system marketed by Tagetik Software S.r.l. This is used across the entire corporate group and networked across all Group companies. After the figures have been entered in or transferred to this system by the Group companies, the system is closed for further entries in line with the phases of the consolidation process. These data may only be changed in exceptional circumstances, as agreed with the subsidiary concerned. The consolidation process includes system-based validation checks at a wide range of levels to reduce the risk of error. In addition, validation checks are carried out on a regular basis.

The figures presented in the consolidated balance sheet and consolidated income statement are validated by analysing deviations from historical comparative figures and budget figures. This validation also takes place over the entire course of the reporting year as part of the ongoing process of preparing the monthly and quarterly financial statements. In addition, the data are also verified by analysing the segment report.

With regard to the presentation and disclosure of financial reporting-related data in financial reports, controls have been implemented to ensure compliance with disclosure duties. This is carried out through the use of checklists and through the review and approval of the data by management personnel within the Finance organisation.

UniCredit S.p.A. carries out the back-up and archiving of data from financial reporting application systems under the responsibility of the CFO in accordance with Section 257 HGB in conjunction with Sections 238 and 239 HGB and in accordance with German Generally Accepted Accounting Principles (GAAP) under the supervision of the Retained Organisation and the respective banking expert responsible. Controls between the upstream systems (e.g. EuroSIG) and the general ledger have been outsourced to UniCredit S.p.A. via additional service level agreements (SLAs) for first level controls. Another technical review takes place in the Data & Intelligence and Accounting areas as a second level control.

The required protection against unauthorised access and compliance with the separation of functions when using the Bank's financial reporting application systems are ensured in particular by requesting and periodically monitoring individual rights in the authorisation management systems. For example, special approval is provided for SAP rights across the board by the functional units responsible for the application. Individual rights are limited to a maximum period of one year.

Furthermore, contingency plans are in place to ensure the availability of human and technical resources to handle the processes involved in financial reporting. These contingency plans are updated and refined regularly and on an ad hoc basis.

# ICS – Internal Control System (Continued)

## Monitoring the effectiveness of the ICS

### Internal Audit

The Internal Audit area is a process-neutral instrument of the Executive Board as a whole, to which it reports directly. According to its internal regulations, the Executive Board bears overall responsibility for setting up the Internal Audit area and ensuring that it functions properly. In the reporting year, operational responsibility for the audit function was assigned to the Spokesman/Spokeswoman of the Executive Board (CEO).

The Internal Audit area is generally responsible for the risk-oriented, process-independent auditing and assessment of the efficiency and adequacy of risk management in general and the internal control system in particular as well as the compliance of all activities and processes, regardless of whether they are outsourced or not. Where necessary, the outsourced activities are audited by the internal audit function of the service provider.

For this purpose, the Internal Audit area carries out a risk-based selection of individual activities and processes in order to set scheduling priorities for audits. The Minimum Requirements for Risk Management (MaRisk) stipulate that all activities and processes must be audited at least every three years. In the case of activities and processes deemed to be of lower priority in terms of risk, it is permissible to deviate from the three-year cycle. Activities and processes subject to especially high levels of risk are audited at least once a year. The risk classification of activities and processes is reviewed on a regular basis. If the need arises or it is instructed to do so, the Internal Audit area may also carry out tasks at subsidiaries.

The Bank’s Internal Audit area must audit and assess the following aspects in particular:
– functionality, effectiveness, economic efficiency and adequacy of the internal control system
– applications, functionality, effectiveness and adequacy of the risk management and risk control systems, reporting, information systems, and finance and accounting
– compliance with legal and regulatory standards as well as other regulations
– adherence to internal operational guidelines, ordinances and regulations
– compliance of activities and processes
– regulations and measures to protect assets

While audit reports are submitted to audited units and the managing directors responsible for these, the Executive Board as a whole receives quarterly reports and an annual report which provide an overview of audit findings as well as findings classified as medium-high and high (material/=significant or higher-rated/severe/particularly severe deficiencies as defined in the MaRisk rules), the measures taken and their current status.

The management of the Internal Audit area informs the Audit Committee and the Risk Committee of the Supervisory Board on a quarterly basis at the meetings of these committees on the findings classified as medium-high and high (= significant or higher-rated deficiencies as defined in the MaRisk rules) of the audits carried out by the Internal Audit area.

# ICS – Internal Control System (Continued)

**Supervisory Board**
It is the task of the Supervisory Board to advise the Executive Board on the management of the Bank and monitor it as it conducts its business. Particularly with respect to the monitoring of the financial reporting process and the effectiveness of the ICS, the Supervisory Board receives support from the Audit Committee pursuant to Section 24 (2) s.2 of the German Act on the Co-determination of Employees in Cross-border Mergers (Gesetz über die Mitbestimmung der Arbeitnehmer bei einer grenzüberschreitenden Verschmelzung – MgVG) in conjunction with Section 107 (3) of the German Stock Corporation Act (Aktiengesetz – AktG) and Section 25d (9) Nos. 1 and 2 of the German Banking Act (Kreditwesengesetz – KWG) in conjunction with Article 9 (2) of HVB's Articles of Association. In this context, the Audit Committee also addresses the ICS in connection with the financial reporting process. Furthermore, the Supervisory Board – and, in a preparatory role, the Audit Committee – is itself integrated into the financial reporting processes through its monitoring of the financial reporting by reviewing and approving the annual and consolidated financial statements, the Combined Management Report as well as the proposal for the appropriation of profit. In addition, the Audit Committee and the Supervisory Board discuss the interim financial information with the Executive Board as such information becomes available throughout the year.

## Refinement of the ICS
When changes are made to legal provisions and regulations for financial reporting, they must be assessed to determine what consequences, if any, they have for financial reporting processes. In the case of amendments or new regulations that would have an impact on accounting processes, an assessment is carried out to determine which measures, such as IT adaptations, working procedures, accounting entry instructions and the effects on financial reporting across all departments and areas, need to be taken into account.

In the course of the update of the ICS in relation to the financial reporting process, the documented processes are subject to half-yearly reviews and adjustments, where necessary, by the persons responsible for processes and controls.

Those responsible for processes and controls continuously refine the internal ICS in relation to financial reporting through the half-yearly reviews and updates. The quantitative and qualitative scope is optimised an ongoing basis through regular internal quality assurance measures and by actively incorporating feedback on and findings from internal and external reviews.

# Consolidated Statement of Total Comprehensive Income

## Consolidated Income Statement

| INCOME/EXPENSE (€ millions) | NOTE | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|---|
| Interest income | | 8,959 | 8,663 |
| of which calculated using the effective interest method (based on classification according to IFRS 9) | | 7,828 | 7,203 |
| Negative interest on financial assets | | (4) | (4) |
| Interest expense | | (6,349) | (5,925) |
| Negative interest on financial liabilities | | 2 | 5 |
| Net interest | 37 | 2,608 | 2,739 |
| Dividends and other income from equity investments | 38 | 33 | 30 |
| Net fees and commissions | 39 | 1,206 | 1,165 |
| Net trading income | 40 | 1,405 | 1,564 |
| Net gains/(losses) on financial assets and liabilities at fair value | 41 | 107 | (117) |
| Net gains/(losses) on derecognition of financial instruments measured at cost | 42 | 8 | (17) |
| Net other expenses/income | 43 | 101 | (255) |
| Payroll costs | | (1,225) | (1,334) |
| Other administrative expenses | | (1,006) | (1,045) |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | | (87) | (150) |
| Operating costs | 44 | (2,318) | (2,529) |
| Net write-downs of loans and provisions for guarantees and commitments | 45 | (270) | (167) |
| Provisions for risks and charges | 46 | 27 | 32 |
| Restructuring costs | 47 | (114) | (309) |
| Net gains/(losses) on remeasurement of consolidated companies | 48 | (3) | 3 |
| **PROFIT/(LOSS) BEFORE TAX** | | **2,790** | **2,139** |
| Income tax for the period | 49 | (870) | (404) |
| **PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))** | | **1,920** | **1,735** |
| attributable to the shareholder of UniCredit Bank GmbH | | 1,920 | 1,736 |
| attributable to minorities | | — | (1) |

# Consolidated Statement of Total Comprehensive Income (Continued)

## Consolidated Statement of Total Comprehensive Income

| € millions | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| **Profit/(loss) after tax recognised in the income statement (consolidated profit/(loss))** | **1,920** | **1,735** |
| **Income and expenses recognised in other comprehensive income** | | |
| **Income and expenses not to be reclassified to the income statement in future periods** | | |
| Actuarial profit/(loss) on defined benefit plans (pension commitments) | (129) | (168) |
| Allocation to/withdrawal from the revaluation surplus for owner-occupied property (IAS 16) | (48) | (215) |
| Change in the fair value of financial liabilities at FVTPL attributable to changes in the default risk (own credit spread reserve) | 11 | 4 |
| Other changes | — | (1) |
| Taxes on income and expenses not to be reclassified to the income statement in future periods | 52 | 139 |
| **Income and expenses to be reclassified to the income statement in future periods** | | |
| Changes from foreign currency translation | 10 | (4) |
| Changes in the measurement of financial instruments (hedge reserve) | 12 | 2 |
| Unrealised gains/(losses) | 12 | 2 |
| Gains/(losses) reclassified to the income statement | — | — |
| Changes in the measurement of financial instruments at FVTOCI (FVTOCI reserve) | (105) | (29) |
| Unrealised gains/(losses) | (85) | (28) |
| Gains/(losses) reclassified to the income statement | (20) | (1) |
| Other changes | — | (11) |
| Taxes on income and expenses to be reclassified to the income statement in future periods | 29 | 12 |
| **Total income and expenses recognised in equity through other comprehensive income** | **(168)** | **(271)** |
| **Total comprehensive income** | **1,752** | **1,464** |
| of which: | | |
| attributable to the shareholder of UniCredit Bank GmbH | 1,752 | 1,464 |
| attributable to minorities | — | — |

# Consolidated Balance Sheet

| ASSETS (€ millions) | NOTE | 31/12/2024 | 31/12/2023 |
|---|---|---|---|
| Cash and cash balances | 50 | 6,905 | 23,293 |
| Financial assets held for trading | 51 | 68,356 | 68,611 |
| Financial assets at FVTPL | 52 | 2,463 | 3,215 |
| Financial assets at FVTOCI | 53 | 13,896 | 9,252 |
| Loans and receivables with banks (at cost) | 54 | 24,219 | 19,566 |
| Loans and receivables with customers (at cost) | 55 | 162,565 | 154,477 |
| Hedging derivatives | 57 | 7,851 | 409 |
| Hedge adjustment of hedged items in the portfolio fair value hedge | | (58 | — |
| Investments in associates and joint ventures accounted for using the equity method | 58 | 17 | 17 |
| Property, plant and equipment | 59 | 1,892 | 2,050 |
| Investment properties | 60 | 179 | 254 |
| Intangible assets | 61 | 39 | 6 |
| Tax assets | | 771 | 893 |
| Current tax assets | | 91 | 220 |
| Deferred tax assets | | 680 | 673 |
| Non-current assets or disposal groups held for sale | 62 | 180 | 67 |
| Other assets | 63 | 955 | 1,182 |
| **TOTAL ASSETS** | | **290,230** | **283,292** |

| LIABILITIES (€ millions) | NOTE | 31/12/2024 | 31/12/2023 |
|---|---|---|---|
| Deposits from banks | 65 | 30,476 | 35,673 |
| Deposits from customers | 66 | 142,609 | 139,557 |
| Debt securities in issue | 67 | 33,584 | 34,274 |
| Financial liabilities held for trading | 68 | 48,659 | 48,537 |
| Financial liabilities at FVTPL | 69 | 3,563 | 4,660 |
| Hedging derivatives | 70 | 10,370 | 103 |
| Hedge adjustment of hedged items in the portfolio fair value hedge | 71 | (3,452) | (3,763) |
| Tax liabilities | | 1,340 | 1,178 |
| Current tax liabilities | | 1,277 | 1,086 |
| Deferred tax liabilities | | 63 | 92 |
| Liabilities of disposal groups held for sale | 72 | — | 13 |
| Other liabilities | 73 | 1,631 | 1,470 |
| Provisions | 74 | 1,557 | 1,650 |
| Shareholders' equity | 75 | 19,893 | 19,940 |
| Shareholders' equity attributable to the shareholder of UniCredit Bank GmbH | | 18,203 | 18,250 |
| Subscribed capital (share capital) | | 2,407 | 2,407 |
| Additional paid-in capital | | 9,791 | 9,791 |
| Other reserves | | 4,131 | 4,319 |
| Currency reserves | | 28 | 18 |
| Changes in valuation of financial instruments | | (74) | (10) |
| Hedge reserve | | 6 | (2) |
| FVTOCI reserve | | (80) | (8) |
| Profit available for distribution | | 1,920 | 1,725 |
| Additional equity instruments | | 1,700 | 1,700 |
| Minority interests | | (10) | (10) |
| **TOTAL LIABILITIES** | | **290,230** | **283,292** |

# Consolidated Balance Sheet (Continued)

In the 2024 financial year, the profit available for distribution disclosed in the annual financial statements of HVB, which forms the basis for the appropriation of profit, amounts to €1,920 million. We will propose to the Shareholders’ Meeting that the profit available for distribution of €1,920 million be paid to UniCredit S.p.A. (UniCredit), Milan, Italy. This represents a profit distribution of around €2.39 per share after around €2.15 per share for the 2023 financial year. The profit available for distribution of €1,725 million reported in the previous year was paid to UniCredit S.p.A. on 6 May 2024 according to the resolution of the Shareholders’ Meeting of 25 March 2024.

# Statement of Changes in Consolidated Shareholders' Equity

| € millions | SUBSCRIBED CAPITAL (SHARE CAPITAL) | ADDITIONAL PAID-IN CAPITAL | OTHER RESERVES: TOTAL OTHER RESERVES | OTHER RESERVES: OF WHICH OWN CREDIT SPREAD | OTHER RESERVES: OF WHICH REVALUATION RESERVE FOR OWN PROPERTIES | OTHER RESERVES: OF WHICH PENSIONS AND SIMILAR OBLIGATIONS (IAS 19) | CURRENCY RESERVE |
|---|---|---|---|---|---|---|---|
| **Shareholders' equity as at 1/1/2024** | **2,407** | **9,791** | **4,319** | **(34)** | **822** | **(1,125)** | **18** |
| **Consolidated profit/(loss) recognised in the consolidated income statement** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total income and expenses recognised in equity through other comprehensive income[3]** | **—** | **—** | **(114)** | **7** | **(33)** | **(88)** | **10** |
| Unrealised gains/(losses) due to changes in measurement | — | — | (26) | 7 | (33) | — | — |
| Gains/(losses) reclassified to the income statement | — | — | — | — | — | — | — |
| Actuarial gains/(losses) on defined benefit plans | — | — | (88) | — | — | (88) | — |
| Changes from foreign currency translation | — | — | — | — | — | — | 10 |
| Other changes | — | — | — | — | — | — | — |
| **Total other changes in equity** | **—** | **—** | **(74)** | **—** | **(31)** | **—** | **—** |
| Capital increase | — | — | — | — | — | — | — |
| Reclassification from equity reserves to retained earnings | — | — | — | — | (5) | — | — |
| Dividend payouts | — | — | — | — | — | — | — |
| Payouts on additional equity instruments | — | — | (99) | — | — | — | — |
| Transfers to/withdrawals from consolidated profit available for distribution | — | — | — | — | — | — | — |
| Changes in group of consolidated companies | — | — | 25 | — | — | — | — |
| Capital decreases | — | — | — | — | — | — | — |
| Other changes | — | — | — | — | (26) | — | — |
| **Shareholders' equity as at 31/12/2024** | **2,407** | **9,791** | **4,131** | **(27)** | **758** | **(1,213)** | **28** |
| | | | | | | | |
| **Shareholders' equity as at 1/1/2023** | **2,407** | **9,791** | **4,652** | **(37)** | **957** | **(1,007)** | **23** |
| **Consolidated profit/(loss) recognised in the consolidated income statement** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| **Total income and expenses recognised in equity through other comprehensive income[3]** | **—** | **—** | **(241)** | **3** | **(128)** | **(115)** | **(5)** |
| Unrealised gains/(losses) due to changes in measurement | — | — | (125) | 3 | (128) | — | — |
| Gains/(losses) reclassified to the income statement | — | — | — | — | — | — | — |
| Actuarial gains/(losses) on defined benefit plans | — | — | (115) | — | — | (115) | — |
| Changes from foreign currency translation | — | — | — | — | — | — | (5) |
| Other changes | — | — | (1) | — | — | — | — |
| **Total other changes in equity** | **—** | **—** | **(92)** | **—** | **(7)** | **(3)** | **—** |
| Capital increase | — | — | — | — | — | — | — |
| Reclassification from equity reserves to retained earnings | — | — | — | — | (7) | (3) | — |
| Dividend payouts | — | — | — | — | — | — | — |
| Payouts on additional equity instruments | — | — | (99) | — | — | — | — |
| Transfers to/withdrawals from consolidated profit available for distribution | — | — | 11 | — | — | — | — |
| Changes in group of consolidated companies | — | — | (2) | — | — | — | — |
| Capital decreases | — | — | — | — | — | — | — |
| Other changes | — | — | (2) | — | — | — | — |
| **Shareholders' equity as at 31/12/2023** | **2,407** | **9,791** | **4,319** | **(34)** | **822** | **(1,125)** | **18** |

1 The Shareholders' Meeting of 25 March 2024 resolved to distribute the 2023 profit available for distribution to our sole shareholder UniCredit S.p.A. (UniCredit), Milan, Italy.
The Annual General Meeting of 27 March 2023 resolved to distribute the 2022 profit available for distribution to our sole shareholder UniCredit S.p.A. (UniCredit), Milan, Italy.

2 Attributable to the shareholder UniCredit Bank GmbH.

3 Recognised through the consolidated statement of total comprehensive income.

4 Instruments are held entirely by UniCredit S.p.A.

# Statement of Changes in Consolidated Shareholders' Equity (Continued)

| € millions | CHANGE IN MEASUREMENT OF FINANCIAL INSTRUMENTS | | | | | | |
|---|---|---|---|---|---|---|---|
| | HEDGE RESERVE | FVTOCI RESERVE | PROFIT AVAILABLE FOR DISTRIBUTION[1] | TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDER OF HVB[2] | ADDITIONAL EQUITY INSTRU-MENTS[4] | MINORITY INTERESTS | TOTAL SHARE-HOLDERS' EQUITY |
| **Shareholders' equity as at 1/1/2024** | **(2)** | **(8)** | **1,725** | **18,250** | **1,700** | **(10)** | **19,940** |
| **Consolidated profit/(loss) recognised in the consolidated income statement** | **—** | **—** | **1,920** | **1,920** | **—** | **—** | **1,920** |
| **Total income and expenses recognised in equity through other comprehensive income[3]** | **8** | **(72)** | **—** | **(168)** | **—** | **—** | **(168)** |
| Unrealised gains/(losses) due to changes in measurement | 8 | (58) | — | (76) | — | — | (76) |
| Gains/(losses) reclassified to the income statement | — | (14) | — | (14) | — | — | (14) |
| Actuarial gains/(losses) on defined benefit plans | — | — | — | (88) | — | — | (88) |
| Changes from foreign currency translation | — | — | — | 10 | — | — | 10 |
| Other changes | — | — | — | — | — | — | — |
| **Total other changes in equity** | **—** | **—** | **(1,725)** | **(1,799)** | **—** | **—** | **(1,799)** |
| Capital increase | — | — | — | — | — | — | — |
| Reclassification from equity reserves to retained earnings | — | — | — | — | — | — | — |
| Dividend payouts | — | — | (1,725) | (1,725) | — | — | (1,725) |
| Payouts on additional equity instruments | — | — | — | (99) | — | — | (99) |
| Transfers to/withdrawals from consolidated profit available for distribution | — | — | — | — | — | — | — |
| Changes in group of consolidated companies | — | — | — | 25 | — | — | 25 |
| Capital decreases | — | — | — | — | — | — | — |
| Other changes | — | — | — | — | — | — | — |
| **Shareholders' equity as at 31/12/2024** | **6** | **(80)** | **1,920** | **18,203** | **1,700** | **(10)** | **19,893** |
| | | | | | | | |
| **Shareholders' equity as at 1/1/2023** | **4** | **11** | **1,160** | **18,048** | **1,700** | **(9)** | **19,739** |
| **Consolidated profit/(loss) recognised in the consolidated income statement** | **—** | **—** | **1,736** | **1,736** | **—** | **(1)** | **1,735** |
| **Total income and expenses recognised in equity through other comprehensive income[3]** | **(6)** | **(19)** | **—** | **(271)** | **—** | **—** | **(271)** |
| Unrealised gains/(losses) due to changes in measurement | 1 | (19) | — | (143) | — | — | (143) |
| Gains/(losses) reclassified to the income statement | — | — | — | — | — | — | — |
| Actuarial gains/(losses) on defined benefit plans | — | — | — | (115) | — | — | (115) |
| Changes from foreign currency translation | — | — | — | (5) | — | — | (5) |
| Other changes | (7) | — | — | (8) | — | — | (8) |
| **Total other changes in equity** | **—** | **—** | **(1,171)** | **(1,263)** | **—** | **—** | **(1,263)** |
| Capital increase | — | — | — | — | — | — | — |
| Reclassification from equity reserves to retained earnings | — | — | — | — | — | — | — |
| Dividend payouts | — | — | (1,160) | (1,160) | — | — | (1,160) |
| Payouts on additional equity instruments | — | — | — | (99) | — | — | (99) |
| Transfers to/withdrawals from consolidated profit available for distribution | — | — | (11) | — | — | — | — |
| Changes in group of consolidated companies | — | — | — | (2) | — | — | (2) |
| Capital decreases | — | — | — | — | — | — | — |
| Other changes | — | — | — | (2) | — | — | (2) |
| **Shareholders' equity as at 31/12/2023** | **(2)** | **(8)** | **1,725** | **18,250** | **1,700** | **(10)** | **19,940** |

# Consolidated Cash Flow Statement

| € millions | 2024 | 2023 |
|---|---|---|
| **CONSOLIDATED PROFIT/(LOSS)** | **1,920** | **1,735** |
| Write-downs, provisions for losses on, and write-ups of, loans and receivables and additions to provisions for losses on guarantees and indemnities | 313 | 208 |
| Write-downs and depreciation less write-ups on non-current assets | 99 | 299 |
| Change in other non-cash positions | 4,207 | (913) |
| Gains/(losses) on the disposal of non-current assets | (1) | (3) |
| Other adjustments (net interest and dividend income from the income statement, taxes on income paid) | (2,660) | (2,788) |
| **Subtotal** | **3,878** | **(1,462)** |
| Change in assets and liabilities from operating activities after correction for non-cash components | | |
| Increase in assets/decrease in liabilities (-) | | |
| Decrease in assets/increase in liabilities (+) | | |
| Financial assets held for trading | 1,110 | 499 |
| Financial assets at FVTPL | 752 | 1,935 |
| Financial assets at FVTOCI | (4,748) | 585 |
| Loans and receivables with banks (at cost) | (4,701) | 3,478 |
| Loans and receivables with customers (at cost) | (8,427) | 182 |
| Other assets from operating activities | 247 | (325) |
| Deposits from banks | (4,888) | (15,724) |
| Deposits from customers | 3,084 | (7,914) |
| Debt securities in issue | (707) | 3,098 |
| Other liabilities from operating activities | (2,861) | 190 |
| Taxes on income | (228) | (311) |
| Interest received | 8,935 | 8,684 |
| Interest paid | (6,495) | (5,540) |
| Dividends received | 378 | 251 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **(14,671)** | **(12,374)** |
| Proceeds from the sale of investments | 73 | 23 |
| Proceeds from the sale of property, plant and equipment | 109 | 162 |
| Payments for the acquisition of investments | (5) | (4) |
| Payments for the acquisition of property, plant and equipment | (84) | (153) |
| Effects of the change in the group of companies included in consolidation | 41 | 63 |
| Effect of the disposal of discontinued operations | — | — |
| **CASH FLOW FROM INVESTING ACTIVITIES** | **134** | **91** |
| Change in additional paid-in capital | — | — |
| Dividend payments | (1,725) | (1,160) |
| Issue of subordinated liabilities and hybrid capital | — | — |
| Payouts on additional equity instruments (after tax) | (99) | (99) |
| Repayment/buy-back of subordinated liabilities and hybrid capital | (12) | — |
| Changes in cash from other change in equity | (15) | 2 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | **(1,851)** | **(1,257)** |
| **CASH AND CASH EQUIVALENTS AT END OF PREVIOUS PERIOD** | **23,293** | **36,833** |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **(14,671)** | **(12,374)** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | **134** | **91** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | **(1,851)** | **(1,257)** |
| Effects of exchange rate changes | — | — |
| Less non-current assets or disposal groups held for sale | — | — |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **6,905** | **23,293** |

# Legal Basis

***Details of the company***

| | |
|---|---|
| Company name | UniCredit Bank GmbH |
| Legal form of the company | Gesellschaft mit beschraenkter Haftung (limited liability company) |
| Company headquarters | Germany |
| Country in which the company is registered as a legal entity | Germany |
| Address of the registered office and principal place of business | Arabellastrasse 12, 81925 Munich, Germany |
| Commercial Register | Number HRB 289472, B section of the Commercial Register, Munich Local Court |
| Type of business activity of the company | Conducting all kinds of banking transactions and the business of a Pfandbrief Bank, providing financial services and performing all other principal and ancillary activities a credit institution or Pfandbrief bank may perform, both for its own account or for the account of a third party |
| Name of the parent company | UniCredit S.p.A. |
| Name of the ultimate parent company of the corporate group | UniCredit S.p.A. |

UniCredit Bank GmbH (HVB) is an affiliated company of UniCredit S.p.A., Milan, Italy in whose consolidated financial statements HVB Group is included. These are published on the UniCredit corporate group's website at the following address: https://www.unicreditgroup.eu/en/investors/financial-reports.html.

Further information on the Bank's products and services is provided in the Note "Components of segment reporting by operating segment" in the notes to these consolidated financial statements.

As a capital market-oriented company, HVB prepares its financial statements in accordance with the requirements of the International Accounting Standards Board (IASB) in the version adopted by the EU. This provides a reliable and internationally comparable basis for evaluating the assets, liabilities, financial position and profit or loss of HVB Group. Our value-based management is similarly based on these accounting principles.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS Regulation) together with further regulations regarding the adoption of certain IFRS within the framework of the EU endorsement in conjunction with Section 315e (1) of the German Commercial Code (Handelsgesetzbuch – HGB) as non-exempt consolidated financial statements compliant with Section 4 of the IAS Regulation. Besides the standards defined as IFRS, the IFRS also comprise the existing International Accounting Standards (IAS) together with the interpretations known as IFRIC and SIC of the IFRS Interpretations Committee (IFRS IC) and its predecessor organisation. All the standards and interpretations subject to mandatory application in the EU for the 2024 financial year have been applied. Section 315e HGB also contains national regulations to be applied alongside the IFRS by capital market-oriented companies.

The present consolidated financial statements were prepared by HVB's Executive Board on 28 February 2025 and will be submitted to the Supervisory Board on 13 March 2025 for approval.

UniCredit Bank GmbH (HVB) has exercised the option provided by Section 315 (5) HGB in conjunction with Section 298 (2) HGB and has combined HVB's Management Report with HVB Group's Management's Discussion and Analysis.

The Combined Management Report meets the requirements of Section 315 (1) and (4) HGB and incorporates a risk report pursuant to Section 315 (2) No. 1 HGB.

# Legal Basis (Continued)

Compliant with Section 264b HGB, the following partnerships are exempted from the obligation to prepare a management report and publish their annual financial statements:
- Gemma Verwaltungsgesellschaft mbH & Co. Vermietungs-KG
- H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG, Munich
- Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG, Munich
- Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG, Munich
- TERRENO Grundstücksverwaltung GmbH & Co. Entwicklungs- und Finanzierungsvermittlungs KG, Munich
- Vermietungsgesellschaft mbH & Co. Objekt MOC KG, Munich

Compliant with Section 264 (3) HGB, the following corporations are exempted from the obligation to prepare a management report and publish their annual financial statements:
- Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH, Munich
- HVB Immobilien AG, Munich
- HVB Projekt GmbH, Munich
- HVB Tecta GmbH, Munich
- HVB Verwa 4 GmbH, Munich
- HVB Verwa 4.4 GmbH, Munich
- UniCredit Direct Services GmbH, Munich

# Accounting and Valuation

## 1 Reporting date/period
The amounts shown in the tables and texts below for balance sheet items and totals relate to the reporting date and to 31 December of the previous year. Disclosures concerning the income statement relate to the period from 1 January to 31 December of the reporting year and the previous year.

## 2 Uniform Group accounting policies
The separate financial statements of the domestic and foreign subsidiaries are incorporated in the consolidated financial statements of HVB Group in accordance with uniform accounting and valuation principles.

## 3 Consistency
In accordance with the IFRS framework together with IAS 1 and IAS 8, the accounting, valuation and disclosure policies are applied consistently from one period to the next. Any changes in accounting policies are discussed, where necessary, as follows: the first-time adoption of new or amended IFRS accounting rules is described in the Note "First-time adoption of new IFRS accounting rules". Where significant accounting and valuation errors from earlier periods are corrected, the amounts involved are adjusted retroactively as a general rule. Where retroactive adjustment is not possible in exceptional circumstances, the amounts involved are adjusted against retained earnings. Where we effect changes in accounting and valuation policies, any resulting adjustments are similarly recognised retrospectively.

***Net write-downs of loans and provisions for guarantees and commitments***
The models used to calculate expected credit losses generally reflect effects from the adjustment of macroeconomic factors. In addition, overlays were applied in 2022 and 2023 for certain sub-portfolios that are particularly sensitive to certain risks. These overlays are to be considered supplementary measures to the expected loss models. On the one hand, these risks are geopolitical risks caused by the sudden increase in energy costs, inflation and interest rates for both companies and private individuals. On the other hand, these are risks that have arisen especially in the commercial real estate and construction industry as a result of the ongoing high level of interest rates, higher construction costs, decline in orders, falling property prices and lower rental income.

In the reporting period, the method used for overlays was adjusted to check whether a part of the risk that was previously taken into account by the overlays is already covered by the updated macroeconomic scenarios and the overlays must be reduced accordingly.

The IFRS 9 LGD model has been updated to align with the regulatory model introduced in 2023. The methodological changes also included a change in the treatment of certain cash flows, draw-downs after a default and rating recipients.

A model-internal calibration factor introduced to take account of uncertainties during the COVID-19 period and at the beginning of the Russia-Ukraine conflict has been removed.

The method underlying the transfer logic model has been updated. Instead of a quantile regression, threshold values based on the residual term and the rating at the time of addition (lending) are now used for the quantitative determination of the allocation to Level 1 or Level 2.

The PD and LGD calculations were supplemented by models that take account of climate and energy risks in the context of the ESG framework. These distinguish between physical risks (such as forest fires or flooding) and transitional risks (towards an economy that has low $CO_2$ emissions). While the PDs are adjusted for the risks, what are known as haircuts are applied to property used as collateral for the LGDs.

# Accounting and Valuation (Continued)

**Estimates, assumptions and discretionary decisions**
Changes in estimates are recognised in profit or loss in the period affected by the change in the estimation method. Provided the change in the estimation method does not affect the consolidated income statement, the carrying amount of the asset, liability or equity item concerned is adjusted.

The consolidated financial statements are prepared on the assumption that the Bank will continue as a going concern. Accounting and valuation in accordance with IFRS contains values that have been determined permissibly using estimates and assumptions. The estimates and assumptions used are based on past experience and other factors such as planning, expectations and forecasts of future events that appear reasonable under the present circumstances. This mainly affects the determination of the fair value of certain financial assets and liabilities, impairments in the lending business, deferred taxes, and the accounting and valuation of provisions. The actual values may differ from the assumptions and estimates made.

The following matters in particular are affected by estimates, assumptions and discretionary decisions:

***Determination of impairments (IFRS 9)***
Scenarios of the expected cash flows of debt instruments serve as a basis for determining the expected credit defaults. This means that, to determine the impairments, assumptions and forecasts regarding probabilities of default must be made for the payments still to be received from the borrower and/or proceeds from the realisation of the collateral and the probability of occurrence of the respective scenario must be estimated. This is carried out collectively for debt instruments at Stage 1 and Stage 2 and for insignificant individual cases at Stage 3 while the assumptions and estimates are made individually for significant individual cases at Stage 3. Further uncertainty in making estimates arises in particular from macroeconomic scenarios and post model adjustments that take account of the current economic situation.

***Determination of fair value***
HVB Group employs internal valuation models to determine the fair value of financial instruments for which no price is available on an active market. The application of these internal valuation models requires, among other things, assumptions and forecasts, the scope of which depends on the complexity of the financial instruments and the valuation parameters partly derived from market data.
Determining the fair value of real estate as non-financial assets also involves a certain degree of discretionary decision-making. As owner-occupied land and buildings (property, plant and equipment) and investment properties are unique, there is generally no observable market data available for such properties. As a result, the value of this real estate is periodically assessed by independent external assessors, using recognised appraisal methods. For example, when using the income approach to determine the fair value of real estate, significant cash flows such as the expected rental income, management costs or other significant parameters such as the expected useful life or the expected vacancy rate are estimated and can subsequently lead to uncertainties in making estimates.

# Accounting and Valuation (Continued)

***Provisions***
Provisions are recognised for present or future obligations and cover the expenses required to fulfil such obligations. In the process, it is necessary to estimate the amount of this expenses or these costs and also the time when the obligations are expected to be fulfilled. This involves making assumptions about the actual amount of the costs incurred and, in the case of longer-term provisions, also determining possible cost increases up until the date of fulfilment. In the case of provisions for contingent losses (e.g. for provisions for rental guarantees), it is necessary to estimate both the potential inflows and the potential outflows in order to determine the imminent loss as a difference. For details on the assumptions and estimates made regarding pension provisions, we refer to the Note “Provisions”.

***Deferred tax assets and liabilities***
Apart from a few exceptions defined in the standard, deferred tax assets and liabilities are recognised for all temporary differences between the values recognised in accordance with IFRS and the values recognised for tax-reporting purposes (liability method). Accounting and valuation are performed in accordance with IAS 12 on the basis of local tax regulations that are expected to apply to the period when an asset is realised or a liability is settled. The regulations and applicable local tax rates are taken as a basis that are valid or have already been enacted at the reporting date. Deferred tax assets are not recognised to the extent that it seems unlikely that sufficient taxable profit will be available in future periods. To determine whether sufficient taxable profit will be available in relation to the same tax authority and the same taxable entity in the period in which the deductible temporary difference is reversed, the entire term of the deductible temporary differences is used as the basis for the planning horizon. The assumptions made in this connection are subject to uncertainty, as they present a forecast of future developments.
Furthermore, deferred tax assets are recognised for unused tax losses carried forward and unused tax credits to the extent that their impairment is justified. This is done on the basis of a five-year plan for HVB Group, which is subject to segment-specific and macroeconomic assumptions and takes account of local tax regulations.

***Share-based payments***
Assumptions must also be made to determine the cost of share-based payment programmes. The costs of the instruments to be transferred are amortised over the vesting period or the beneficiaries’ claims are forfeited if they leave UniCredit first. This makes it necessary to forecast the proportion of employees who will leave UniCredit during the vesting period. At the same time, the shares granted must be measured at fair value at the grant date. The comments made above regarding the determination of fair value are applicable analogously.

***Determination of the useful life of property, plant and equipment***
Depreciable items of property, plant and equipment are depreciated over their useful lives. Since the useful life is not independent of the usage of the actual asset in question, it must be estimated in the light of the circumstances in each case by making suitable assumptions.

The accounting, valuation and disclosure principles applied in the 2024 financial year are the same as those applied in the consolidated financial statements for 2023, with the exception of the adjustments described in this note and the new IFRS rules to be applied as described in the Note “First-time adoption of new IFRS accounting rules”.

# Accounting and Valuation (Continued)

## 4 First-time adoption of new IFRS accounting rules

***New standards and interpretations***

No new standards and interpretations issued by the IASB were subject to mandatory adoption in the EU for the first time in the 2024 financial year.

***Amendments to existing standards and interpretations***

The amendments to the following standards and interpretations revised by the IASB are subject to mandatory adoption in the EU for the first time in the 2024 financial year:

- Amendments to IFRS 16 "Leases" – Lease Liability in a Sale and Leaseback (issued on 22 September 2022 / adopted into European law on 20 November 2023).
- Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current (issued on 23 January 2020 / adopted into European law on 19 December 2023); Classification of Liabilities as Current or Non-current: Deferral of Effective Date (issued on 15 July 2020 / adopted into European law on 19 December 2023) and Non-current Liabilities with Covenants (published on 31 October 2022 / adopted into European law on 19 December 2023).
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" – Supplier Finance Arrangements (issued on 25 May 2023 / adopted into European law on 15 May 2024).

***Implementation and effects of the amended accounting rules***

HVB Group has adopted the amended accounting rules. Unless the effects of this adoption are explicitly explained below, they did not impact or have any material effects on our consolidated financial statements.

## 5 Published IFRS that are not yet subject to mandatory adoption and were not early adopted

HVB Group has decided against the voluntary early adoption of the new or revised standards and interpretations issued by the IASB that are subject to mandatory adoption or may be adopted from the 2025 financial year or later. HVB Group will adopt these standards and interpretations in the financial year in which the new rules in question become subject to mandatory adoption for EU-based enterprises for the first time.

***The EU has adopted the following into European law:***

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (issued on 15 August 2023 / adopted into European law on 12 November 2024). The rules are subject to mandatory adoption for the first time for financial years beginning on or after 1 January 2025.

# Accounting and Valuation (Continued)

***The EU has not yet adopted the following into European law:***

– IFRS 18 "Presentation and Disclosure in Financial Statements" (issued on 9 April 2024). The rules are subject to mandatory adoption for the first time for financial years beginning on or after 1 January 2027.
– IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (issued on 9 May 2024). The rules may be adopted by eligible companies for the first time for financial years beginning on or after 1 January 2027.
– Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Amendments to the Classification and Measurement of Financial Instruments (issued on 30 May 2024). The rules are subject to mandatory adoption for the first time for financial years beginning on or after 1 January 2026.
– Annual Improvements to IFRS (Volume 11) with minor amendments to IFRS 1 "First-time Adoption of IFRS", IFRS 7 "Financial Instruments: Disclosures" including the associated implementation guidance, IFRS 9 "Financial Instruments", IFRS 10 "Consolidated Financial Statements" and IAS 7 "Statement of Cash Flows" (issued on 18 July 2024). The rules are subject to mandatory adoption for the first time for financial years beginning on or after 1 January 2026.
– Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024). The rules are subject to mandatory adoption for the first time for financial years beginning on or after 1 January 2026.

HVB Group does not expect these new or amended rules to be adopted in the future to have any significant effects on the consolidated financial statements.

## 6 Companies included in consolidation

The group of companies included in consolidation by HVB Group encompasses 81 (previous year: 87) controlled companies, of which 31 (previous year: 33) are classified as structured entities within the meaning of IFRS 12.

| | 2024 | 2023 |
|---|---|---|
| Total controlled companies | 178 | 218 |
| Consolidated companies | 81 | 87 |
| of which structured entities according to IFRS 12 | 31 | 33 |
| Non-consolidated companies | 97 | 131 |
| Joint ventures | — | — |
| of which accounted for using the equity method | — | — |
| Associates | 3 | 3 |
| of which accounted for using the equity method | 1 | 1 |

At the reporting date, we had a total of 99 (previous year: 133) controlled companies, associates and joint ventures that were neither fully consolidated nor fully accounted for using the equity method as they are not of material importance to the Group.

The effects on the balance sheet of the contractual relationships between the Group companies and these non-consolidated companies are included in the consolidated financial statements. The aggregate amounts of net income for the year of these companies that have not been consolidated due to their minor importance make up minus 0.10% (previous year: 0.07%) of the consolidated profit of HVB Group, while such companies provide around 0.19% (previous year: 0.17%) of the consolidated assets. The aggregate amounts of net income for the year of companies not accounted for using the equity method due to their minor importance (joint ventures and associates) amounts to 0.01% (previous year: 0.01%) of the consolidated profit, their share in the Group capital is 0.0009% (previous year: 0.0009%). Our interests in these companies are carried under the item "Financial assets at FVTPL" and loans extended under the item "Loans and receivables with customers (at cost)".

# Accounting and Valuation (Continued)

***Controlled companies***
The group of companies included in consolidation has been defined taking into account materiality criteria. The fully consolidated companies prepared their annual financial statements for the period ending 31 December 2024.

In accordance with IFRS 12, 31 (previous year: 33) fully consolidated controlled companies are classified as structured entities. Please refer to the Note “Disclosures regarding structured entities” for more information on structured entities.

There were significant restrictions on the ability of HVB Group to access assets of the controlled companies as follows:
– Subsidiaries classified as credit institutions or financial services institutions for supervisory purposes are subject to the provisions of the German Banking Act (Kreditwesengesetz – KWG), the CRR and MaRisk/ICAAP regarding their capital base. The equity capital to be maintained under these provisions limits the ability of HVB Group to adopt resolutions regarding dividend distributions.
– Fully consolidated structured entities are not generally included in the consolidated financial statements on account of HVB Group’s position as a shareholder. Therefore, HVB Group has no ability to decide on dividend distributions and is bound by the contractual arrangements (such as lending agreements or derivative contracts).

The non-controlling interests at 31 December 2024 have no material effect on the consolidated financial statements of HVB Group either individually or in aggregate. At 31 December 2024, third parties hold non-controlling interests in 36 (previous year: 38) fully consolidated companies. The non-controlling interests are shown separately in the consolidated balance sheet and generally participate in the profits and losses of the companies; their shareholders hold voting rights in the companies, but without breaking the controlling influence of HVB Group.

The following company was newly added to the group of companies included in consolidation at HVB Group in 2024:
– Elektra Purchase No. 82 DAC, Dublin

The following companies left the group of companies included in consolidation of HVB Group in 2024 due to merger or sale within the corporate group:
– BIL Leasing-Fonds Verwaltungs-GmbH, Grünwald
– NF Objekt FFM GmbH, Munich
– Structured Invest Société Anonyme, Luxembourg
– UniCredit Beteiligungs GmbH, Munich

The following companies left the group of companies included in consolidation in 2024 for materiality reasons:
– BARD Engineering GmbH, Emden
– BARD Holding GmbH, Emden
– Ice Creek Pool No. 3 DAC, Dublin

On account of the deconsolidation of the companies listed above, HVB Group realised a deconsolidation result of minus €1 million (previous-year period: minus €2 million) in the income statement under the item “Net gains/losses on remeasurement of consolidated companies” in accordance with IFRS 10.25.

# Accounting and Valuation (Continued)

***Associates***
No financial statements at 31 December 2024 were available for the associate listed below accounted for using the equity method when the consolidated financial statements were prepared. The following financial statements were used for accounting using the equity method:

| | |
|---|---|
| Comtrade Group GmbH, Zug | 30 September 2024 |

There were no significant events at this company between the date when the above financial statements were prepared and 31 December 2024 that could have an impact on the assets, liabilities, financial position, and profit or loss.

The group of consolidated companies does not include any companies for which the proportionate consolidation method is applied.

## 7 Principles of consolidation

An enterprise (or economically separate entity) is fully consolidated when it is controlled by HVB Group. Control is deemed to exist when the following three criteria defined in IFRS 10 are met: HVB Group must have power over the relevant activities of the enterprise and be exposed to variable returns from it. In addition, HVB Group must be able to use its power to influence the variable returns it obtains from the enterprise.

Control is independent of the type of financial relationship between parent company and subsidiary and does not require any participation in the enterprise's capital. Control may also be derived from contractual arrangements or legal provisions.

To assess whether an enterprise is controlled by HVB Group, a detailed analysis must be carried out of the business purpose, the relevant activities of the enterprise, the parties involved and the distribution of the variable returns from the enterprise. The analysis includes an assessment of whether HVB Group is acting as the principal and has delegated power over the enterprise to a third party (agent). This may be the case when the decision-maker who has power over the enterprise does not pursue its own economic interests in respect of the enterprise or these are of minor importance and the decision-maker merely exercises delegated decision-making powers on behalf of HVB Group.

An enterprise is initially consolidated as soon as HVB Group gains control over the enterprise. During initial consolidation, the assets and liabilities of the enterprise are included at their fair values at the effective date. The uniform Group accounting and valuation policies are then applied. The expenses and income of the respective company are included in the consolidated income statement from the effective date of initial consolidation. Equity interests in a consolidated company held by third parties are carried under minority interests, provided the criteria for disclosure as shareholders' equity are met. Otherwise, they are recognised as debt.

# Accounting and Valuation (Continued)

Consolidation is performed by offsetting the acquisition cost of a subsidiary against the Group's share held in the completely remeasured shareholders' equity at the time of acquisition, provided the transactions involved are not internal to UniCredit. This amount represents the difference between the assets and liabilities of the acquired enterprise measured at the fair value at the time of initial consolidation. The difference between the higher acquisition cost and the remeasured net balance of assets and liabilities is recognised as goodwill under intangible assets in the balance sheet on a prorated basis if the enterprise acquired is a business. If in an exceptional case the enterprise that is being consolidated for the first time is not a business and is a group of assets and liabilities instead, these assets and liabilities are measured and recognised in line with the applicable IFRS following the requirements of IFRS 3.2b. Any difference between the net carrying amounts calculated in this manner and the acquisition cost is recognised as an expense. Goodwill on enterprises accounted for using the equity method is carried under "Investments in associates and joint ventures accounted for using the equity method". Compliant with IAS 36, scheduled amortisation is not taken on goodwill. The goodwill is allocated to the cash-generating units (CGU) that are expected to benefit from the synergies arising from the business combination. At HVB Group, these cash-generating units are the business areas. Where the commercial activities of an enterprise span more than one business area, the goodwill is distributed in line with the expected contribution to results at the time of acquisition. There is no goodwill to report in the reporting year or in the previous year.

IFRS 3 is not applicable to combinations of businesses under common control (IFRS 3.2 (c)). IAS 8.10 requires an appropriate accounting and valuation policy to be developed accordingly for such cases. Given that we consider HVB Group to be part of UniCredit, the carrying amounts of the parent company are carried forward in the case of company acquisitions within UniCredit. Any difference between the purchase price paid and the net carrying amount of the company acquired is recognised in equity under reserves.

Compliant with IAS 28, investments in associates are accounted for using the equity method or the capital share method and disclosed as such in the balance sheet. HVB is able to exercise significant influence over associates without being able to control them. Significant influence is assumed when an enterprise holds more than 20% but less than 50% of the voting rights in an investee. This assumption of association can be refuted where a qualitative analysis demonstrates that significant influence over the financial and business policy decisions of the investee is not possible. Investments in associates are recognised at cost upon initial inclusion in the consolidated financial statements. For the purposes of subsequent measurement, the carrying amount increases or decreases in accordance with HVB's share in the profit or loss of the investee. This share of the investee's profit or loss attributable to HVB is measured on the basis of the fair values of the investee's assets, liabilities and contingent liabilities when the shares were acquired. The accounting and valuation principles of HVB Group are applied for subsequent measurement.

Business transactions between consolidated companies are offset. Any interim profits or losses arising from intragroup transactions are eliminated.

### 8 Implementation of the European Single Electronic Format (ESEF)

HVB fulfils its obligation under Section 328 HGB to publish these consolidated financial statements in the single electronic reporting format (ESEF) prescribed by law by publishing them in the German Federal Gazette (Bundesanzeiger). The 2022 ESEF taxonomy was applied for both the reporting year and the previous year.

# Accounting and Valuation (Continued)

## 9 Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one company and a financial liability or equity instrument of another company.

The classes required by IFRS 7.6 are defined as follows:
- Cash and cash balances
- Financial assets and liabilities held for trading
- Financial assets at FVTPL
- Financial assets at FVTOCI
- Loans and receivables with banks (at cost)
- Loans and receivables with customers (at cost)
- Hedging derivatives
- Other deposits from banks
- Other deposits from customers
- Other debt securities in issue
- Financial liabilities at FVTPL
- Financial guarantees and irrevocable credit commitments

Finance lease receivables are no longer defined as a separate class in the reporting year. Instead these are combined with the loans and receivables with customers (at cost) class. The respective business operations were conducted primarily by the HVB subsidiary UniCredit Leasing GmbH with its subsidiaries. These already discontinued conducting new business in August 2020 and have been handling the existing volume of business since then. Against this backdrop, there has been a significant decline in the portfolio of finance lease receivables with the result that it is no longer necessary to present these as a separate class for reasons of materiality. The volume of finance lease receivables, which consists solely of loans and receivables with customers, is shown in the Note “Loans and receivables with customers (at cost)” as a separate loan type.

With regard to the classes, the balance sheet disclosures and profit contributions of the financial instruments, among other things, must be presented separately in accordance with IFRS 9 measurement categories. In the present consolidated financial statements, we have included these in the explanatory notes to the balance sheet and the income statement. The information required by IFRS 7 regarding risks in connection with financial instruments is also provided in the notes to the consolidated financial statements and in part in the Risk Report within the Combined Management Report. For information on credit risk, market risk and liquidity risk, please refer to the subsection with the same name in the section “Risk types in detail” in the Risk Report. Compliant with IFRS 7.36 (a), the maximum exposure to credit risk is the same as the carrying amount of the risk-bearing financial instruments or, in the case of financial guarantees and credit commitments, the nominal amount disclosed in the Note “Fair values of financial instruments compliant with IFRS 7” for the guarantees/amount of the credit commitments not yet utilised.

IFRS 9 requires all financial instruments to be recognised in the balance sheet, classified in the given measurement or portfolio categories and measured in line with this classification. In addition, debt instruments are to be allocated to a business model.

Financial assets and liabilities are initially recognised from the date on which the corporate group becomes a contractual party to the financial instrument in question. HVB Group normally recognises customary market purchases and sales of financial assets (known as regular way contracts) at the settlement date. Derivatives are recognised at the trading date.

# Accounting and Valuation (Continued)

Financial assets are derecognised when either the contractual rights or obligations to pay have expired, for example due to repayment, or all the risks and rewards have essentially been transferred to third parties. In exceptional cases, a significant change in the contractual terms of receivables measured at cost also leads to derecognition. HVB Group did not carry out any transactions in which all the risks and rewards were essentially either transferred or retained. Transactions where the contractual rights to an asset are transferred to third parties but the risks and rewards are essentially retained do not result in the derecognition of the assets.

A liability is derecognised if it has been settled or, in exceptional cases, if there has been a significant amendment in the contractual terms of the liability.

The regulations set forth in IFRS 9 on reclassification were observed. No reclassifications were carried out.

***Financial assets and liabilities at fair value through profit or loss***
The financial assets and liabilities at fair value through profit or loss category is subdivided into the following subcategories:

– Financial assets and liabilities held for trading:
  Financial assets and liabilities classified as held for trading at the time of initial recognition are financial instruments acquired or incurred for the purpose of short-term profit-taking as a result of changes in market prices or of realising a profit margin. This category also includes all derivatives (apart from hedging derivatives) which qualify for hedge accounting. These are disclosed in the item “Financial assets held for trading” and “Financial liabilities held for trading”.
  In accordance with the provisions of IAS 32 (IAS 32.42 in conjunction with IAS 32.48), the positive and negative fair values of OTC derivatives that offset each other at currency level were set off for OTC derivatives concluded with the same central counterparty (CCP).
– Assets mandatorily at fair value through profit or loss with the exception of held-for-trading portfolios:
  In accordance with the specifications, both shareholdings and assets that are neither allocated to the “Hold-to-maturity” nor to the “Held-for-sale” business model are generally subject to measurement at fair value through profit or loss. HVB Group did not exercise the option of measuring shareholdings at fair value without affecting profit or loss. As all assets measured at fair value through profit or loss are also managed on a fair value basis, any allocation of assets that do not meet cash flow criteria to the “Hold-to-maturity” business model is ruled out. These are to be allocated to the “Other” business model and are consequently subject to mandatory measurement at fair value through profit or loss.
– HVB Group only uses the fair value option for certain financial liabilities designated as “at fair value through profit or loss” upon initial recognition. Financial instruments are designated on the basis of the fair value-based management of the portfolios concerned.

Financial assets and liabilities at fair value through profit or loss are disclosed upon initial recognition at their fair value without any transaction costs.

# Accounting and Valuation (Continued)

Consequently, held-for-trading portfolios, assets mandatorily at fair value through profit or loss as well as liabilities allocated to the fair value option are measured at fair value. Changes in value are recognised in the income statement.

***Assets measured at fair value without affecting profit or loss***
Certain securities holdings that are either held to maturity or can be sold have been allocated to the “Held-for-sale” business model. As these securities also meet cash flow criteria, the conditions for measurement at fair value without affecting profit or loss have been met. These holdings are reported under the balance sheet item named “Financial assets at FVTOCI”.

***Loans and receivables measured at cost***
In the lending business, HVB Group focuses on customer care and customer relationships so the intention is generally to hold extended loans to maturity. If, in exceptional cases, there is no intention to hold loan receivables to maturity at the time of their addition, these are allocated to the "Other" business model. Provided the loans also meet cash flow criteria, these are allocated to the “Hold-to-maturity” business model and measured at amortised cost. In addition, securities holdings that meet cash flow criteria and are intended to be held to maturity are also measured at amortised cost. Premiums and discounts are taken to the income statement under net interest over the term of the underlying items. This is done using the effective interest method. These assets are disclosed upon initial recognition at their fair value including any transaction costs.

As the intention is generally to hold to maturity, debt instruments allocated to the “Hold-to-maturity” business model may be sold only in the following exceptional cases:
– sales occur infrequently or irregularly even if they are of significant value in this case,
– sales, if they occur frequently, are individually or in the aggregate of insignificant value,
– sales occur just before the final maturity date and the sales proceeds equal the outstanding contractual payments for the most part or
– sales are made as a result of an increase in the credit default risk.

Depending on the allocation of the debtor, the loans and receivables measured at cost are reported under the balance sheet item “Loans and receivables with banks (at cost)” or “Loans and receivables with customers (at cost)”.

HVB Group has not designated any assets at fair value through profit or loss.

***Determination of fair value***
We can normally reliably determine the fair value of financial instruments to be measured at fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (no forced liquidation or distress sale) between independent market participants as at the measurement date. Thus, the fair value based on a notional transfer corresponds to a selling price or, in the case of a liability, the transfer price (exit price).

# Accounting and Valuation (Continued)

The fair value is determined using the same three-level fair value hierarchy under IFRS 13 as is applicable for the disclosures regarding the fair value hierarchy (Note “Fair value hierarchy”):

– Level 1: Financial instruments measured using (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
– Level 2: Assets or liabilities for which no price can be observed on an active market and whose valuation is derived from valuation parameters that are directly observable (prices) or indirectly observable (derived from prices)
– Level 3: Assets or liabilities for which the fair value cannot be measured exclusively on the basis of observable market data; but also on valuation parameters based on model assumptions (non-observable valuation parameters)

Suitable measurement adjustments are applied to the fair value determined in this way in order to reflect further factors affecting the fair value (such as the liquidity of the financial instrument or model risks when the fair value is determined using a valuation model). When determining these valuation adjustments, we have exercised the option permitted by IFRS 13 under certain circumstances to determine fair value on a portfolio basis.

The risk of a counterparty defaulting on derivatives is covered by credit valuation adjustments (CVAs). Funding valuation adjustments (FVAs) are also set up for derivatives that are not fully covered by relevant collateral.

The own credit spread is also included in the underlying valuation parameters for liabilities held for sale and liabilities designated at fair value through profit or loss.

Further disclosures regarding fair values and the fair value hierarchy are given in the Note “Fair value hierarchy”, and the Note “Fair values of financial instruments compliant with IFRS 7”.

***Financial guarantees***

A financial guarantee is a contract that requires the issuer to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Viewed overall, the fair value of a financial guarantee is zero when the contract is concluded because the value of the premium received will normally match the value of the guarantee obligation in standard market contracts. The guarantee premium is recognised on a pro-rata basis. These are measured using the model for expected credit losses.

Credit derivatives, and most notably standardised credit default swaps (CDS), are measured at fair value through profit or loss as they are considered derivatives held for trading and not financial guarantees.

# Accounting and Valuation (Continued)

***Credit commitments***
Credit commitments represent declarations made to the customer to extend loans, buy securities or provide guarantees and acceptances. If these have not yet been utilised, they are generally shown as contingent liabilities in the notes. These are measured using the model for expected credit losses. An exception to this rule are credit commitments where the assets resulting from utilisation are usually sold shortly after the loan has been extended. The latter are recognised at fair value through profit or loss.

***Hedge accounting***
The Bank exercised the option of continuing to apply the provisions of IAS 39 on Hedge Accounting.

Hedges between financial instruments are recognised almost exclusively in accordance with the forms of the fair value hedge described in IAS 39. In 2008 and 2009, HVB Group changed the previously applied macro cash flow hedge accounting to the fair value hedge similarly permitted by IAS 39 for interest rate risk at portfolio level in large areas of asset/liability interest rate risk management. This is described additionally below along with the principles covering general fair value hedges. The hedge accounting approaches used in HVB Group are presented in the Note “Gains/losses on financial assets and liabilities at fair value”. For interest rate derivatives in hedge accounting, the interest is recognised in the same way as the hedged item regardless of whether it is a positive or negative figure.

A micro fair value hedge is generally a hedge of the exposure to changes in the fair value of a recognised asset, liability or an unrecognised firm commitment (or portions thereof) that is attributable to a particular risk and that might affect net income for the period. In this respect, a high level of effectiveness is required, with the changes in the fair value of the hedged item in terms of the hedged risk and hedging derivative compensating each other within a range of 80% to 125%. In fair value hedge accounting, the hedging instrument is measured at fair value through profit or loss. The carrying amounts of the hedged item are adjusted by the valuation results relating to the hedged risk in a way that affects the income statement.

At our Bank, we designated micro fair value hedges for interest rate risks. For fixed-interest European government bonds or bonds of issuers with a similar risk allocated to the “Held for sale” business model, the interest rate risk of which was hedged individually and completely with interest rate swaps, we set up a separate micro fair value hedge for each transaction.

We apply the portfolio fair value hedge for interest rate risk in the accounting treatment of interest rate risk in asset/liability interest rate risk management. Recognising a fair value hedge for a portfolio of interest-bearing financial assets and liabilities using interest rate derivatives makes it possible to largely reflect the standard bank risk management procedures for the hedging of fixed interest rate risks in the accounts.

In this accounting treatment of hedges across several items, the changes in the value of the hedged amount of the hedged items attributable to the hedged risk are carried altogether as a separate asset or liability item and not as an adjustment to the carrying amount of individual items as is the case with micro hedges. The hedged amount of the hedged items is determined as part of interest rate risk management and cannot be directly allocated to individual assets or liabilities. Where the hedge conditions are met, the offsetting changes in value of the hedged amount of the hedged items and the hedging instruments (interest derivatives) are recognised directly in profit and loss. Hedge inefficiencies arising within the necessary hedge efficiency thresholds of 80% to 125% are recognised as profit or loss in net hedging income.

# Accounting and Valuation (Continued)

Furthermore, for economic reasons cross-currency interest rate swaps (CCIRS) have been used in the refinancing of loans denominated in foreign currency. The CCIRS exchange longer dated fixed-interest positions denominated in euros for variable-yield positions denominated in foreign currency. This serves to hedge the hedged item accordingly against interest rate risk as part of the portfolio fair value hedge. The currency component contained in the CCIRS is not included in the recognised hedge relationship. The fair value result includes the total change in value of the CCIRS.

We use cash flow hedge accounting to a limited extent in order to show the economic hedging of basic currency risks in the balance sheet. Generally, a cash flow hedge is employed to hedge the risk arising from volatile cash flows resulting from a recognised asset, recognised liability or planned transaction to be taken to the income statement. For example, derivatives are deployed in cash flow hedge accounting to hedge future interest payment flows. In this context, payments from variable-interest assets and liabilities are swapped for fixed payments primarily using interest rate swaps. Hedging instruments are measured at fair value. The valuation result is divided into an effective and an ineffective portion. The effective portion of the hedging instrument is recognised in a separate item within shareholders' equity (hedge reserve) without affecting reported profit or loss. The ineffective portion of the hedging derivatives is recognised directly in profit and loss. The hedged item is recognised at amortised cost.

### 10 Financial assets held for trading

This item includes securities held for trading purposes and positive fair values of traded derivatives. All other derivatives not classified as hedging derivatives (which are shown separately in the balance sheet) are similarly considered held for trading. Provided they are held for trading purposes, receivables from repurchase transactions, promissory notes, registered bonds and treasury bills are carried as other financial assets held for trading.

Financial assets held for trading are carried at fair value. Gains and losses from the valuation and realisation of financial assets held for trading are reported under net trading income in the income statement.

For economic hedge relationships, the two offsetting interest payment flows are aggregated for each swap contract and reported in net terms as interest income or interest expense. In the case of pure derivative trading portfolios, we report the netted interest payments under net trading income.

### 11 Financial assets at FVTPL

The item "Financial assets at FVTPL" reflects the measurement category introduced by IFRS 9 and contains all the assets subject to the IFRS requirement of measurement at fair value with the exception of the held-for-trading portfolios. This item thus contains all the debt instruments subject to measurement at fair value through profit or loss based on the "Other" business model as well as the shareholdings also subject to measurement at fair value through profit or loss. This includes debt instruments to be held to maturity that do not meet cash flow criteria and are thus managed on a fair value basis in line with the Bank's specifications.

The majority of debt instruments are hedged against interest rate risks with interest rate swaps. The changes in fair value of the assets and hedging derivatives are reported in the item "Net gains/losses on financial assets and liabilities at fair value" in the income statement. Current interest income from debt instruments is recorded as interest income and profit distributions from shareholdings in the item "Dividends and other income from equity investments".

# Accounting and Valuation (Continued)

**12 Financial assets at FVTOCI**
The balance sheet item "Financial assets at FVTOCI" reflects the IFRS 9 measurement category. This item contains all the assets measured at fair value through other comprehensive income on the basis of the "Held-for-sale" business model and the cash flow criteria met.

This item only contains interest-bearing assets that are deferred at the effective interest rate. Upon addition, they are posted at their fair value including transaction costs (acquisition cost). Current interest income is recorded under the item "Interest income" in the income statement. Impairments are recorded through profit or loss in the income statement. The difference between the amortised cost calculated in this way and the fair value of the assets is entered directly in equity in the FVTOCI reserve, whereby the changes are recognised or derecognised through other comprehensive income. A gain or loss on disposal (repayment/sale) is shown under the item "Net gains/losses on financial assets and liabilities at fair value".

**13 Loans and receivables**
Debt instruments allocated to the "Hold-to-maturity" business model are shown under the balance sheet items "Loans and receivables with banks (at cost)" and "Loans and receivables with customers (at cost)". Assets allocated to a business model other than to the "Hold-to-maturity" business model are not included in the balance sheet items "Loans and receivables with banks (at cost)" and "Loans and receivables with customers (at cost)". In addition to loans and receivables from the lending business, these include securities allocated to the "Hold-to-maturity" business model. All the instruments allocated to the "Hold-to-maturity" business model meet the cash flow criteria and are carried at amortised cost, provided they are not hedged items of a recognised micro fair value hedge. The amount shown in the balance sheet has been adjusted for allowances for losses on loans and receivables.

**14 Impairment of financial assets**
Impairment losses are determined in line with IFRS 9 requirements for financial instruments that are measured at amortised cost or at fair value through other comprehensive income. Furthermore, the rules applicable for determining an impairment loss are also applied to credit commitments or financial guarantees that are not measured at fair value through profit or loss.

The expected credit losses are calculated by multiplying the risk parameters probability of default (PD), loss given default (LGD) and exposure at default (EaD). For details on the presentation of the measurement and management of credit risk, please refer to the statements made on credit risk in the "Risk Report" section of this Combined Management Report.

In the case of loans and receivables measured at cost, the impairment losses determined are posted to an impairment account and reduce the carrying amount. In the case of assets measured at fair value through other comprehensive income, the impairment losses are determined in relation to the asset and, as a consequence of measurement at fair value, are recognised through profit or loss. Provisions are set aside for impairment losses on credit commitments and financial guarantees.

HVB Group has not exercised the option of using the simplified approach pursuant to IFRS 9.5.5.15 for determining impairment losses on trade receivables, contract assets and lease receivables.

# Accounting and Valuation (Continued)

The method of calculating impairment losses is based on two pillars (taking into account forward-looking information and macroeconomic factors):
– allocation of the asset to a stage
– calculation of the expected loss associated with the asset

**Allocation to a stage**
The expected credit losses take the expected losses into account either as 1-year losses or credit losses expected over the residual term (lifetime expected credit loss). The model distinguishes between three stages depending on the extent of the increase in credit risk since initial recognition:

– Stage 1 contains all the financial instruments for which there has been no significant increase in credit risk at the reporting date compared with the date of initial recognition; the expected losses are determined for these in the amount of the 1-year losses.
– Stage 2 contains financial instruments which, although not yet in default, have undergone a significant increase in credit risk since initial recognition; the expected losses are calculated for these in the amount of the default probability-weighted credit losses of the borrower over the residual period (lifetime expected credit loss).
– Stage 3 contains credit-impaired financial instruments. The Bank defines the defaults that are to be classified under Stage 3 in line with the definition of debtor default according to Article 178 CRR. In particular, the different treatment of multiple defaults in the internal PD, LGD and EAD models is retained in order to preserve internal consistency with IRB approaches as these provide important input data for the models for the determination of the expected credit loss. In this context, it should be noted that, in addition to quantitative criteria, qualitative criteria are also taken into account for determining a default.

An impairment is generally recognised at the amount of the expected 12-month credit losses for a financial instrument upon initial recognition (Stage 1). Financial assets already impaired upon initial recognition are an exception to this rule. These instruments are classified as purchased or originated credit impaired assets (POCI) and explained further below in this section.

HVB Group has exercised the option pursuant to IFRS 9.5.5.10 according to which it can be assumed for financial instruments with a low credit default risk that no significant increase in the credit default risk has occurred. If there is an investment grade rating available, the financial instruments concerned are allocated to Stage 1. An investment grade rating exists if there is a one-year IFRS 9 PD of less than 0.306%.

In the notes to the respective balance sheet items, there are tables showing the changes in gross carrying amounts and impairments. These also include information on the transfers between the various stages. In the event of a change in stage due to changes in credit quality, the table on changes in impairments shows the reversals of impairments in the original stage and the additions of impairments in the new stage.

**Method for determining a significant increase in the credit risk (transfer to/from Stage 2)**
To identify a significant increase in credit risk and therefore a transfer from Stage 1 to Stage 2, the Bank has chosen an approach which takes both quantitative and qualitative criteria into consideration. If a significantly higher credit risk is determined on the reporting date, the financial instrument is transferred to Stage 2. If the risk then declines significantly again, it is transferred back from Stage 2 to Stage 1, observing a minimum period. A financial instrument remains in Stage 2 for at least three consecutive months before it can be transferred back to Stage 1.

# Accounting and Valuation (Continued)

***Quantitative criteria: transfer risk model***

The aim of the quantitative transfer criterion is to define a trigger level for the maximum acceptable deviation between the PD measurement upon initial recognition of the financial instrument and the PD as at the reporting date. The intended quantitative transfer criterion is based on the assumption that there is a significantly higher credit risk if the ratio between the lifetime PD at the time of reporting and the lifetime PD at the time of initial recognition (when the loan was granted) exceeds a predefined trigger level. This trigger level is determined on the basis of historical data. The main influencing factors for this quantitative transfer criterion are the estimated probabilities of default of the debtor (PD) on initial recognition, the residual term as at the reporting date as well as the question of whether these are credit products with a maturity date. The defined trigger levels are determined on the basis of historical data firstly for each homogeneous portfolio (for example retail, business customers or medium-sized customers) and secondly based on various residual term clusters and rating classes upon initial recognition.

***Qualitative criteria for allocation to Stage 2***

In addition to the quantitative criteria of the statistical transfer model, qualitative criteria are also defined that may trigger a transfer to Stage 2. One central qualitative criterion is the payment default criterion, where a payment 30 days past due is regarded as an indication of a significant increase in the credit risk. Further criteria are also defined so that changes indicating that a borrower is in financial difficulties are automatically and rapidly translated into a transfer to Stage 2. The relevant qualitative criteria include:

– Tripling of the lifetime PD at the reporting date:
  A transfer to Stage 2 is triggered if the lifetime PD at the reporting date is more than three times higher than the lifetime PD on initial recognition of the financial instrument. This applies provided that the financial instrument is not classified as a financial instrument with a low credit risk as defined by IFRS 9.5.5.10. This rule is in line with expectations that were formulated in the ECB's letter on "Identification and measurement of credit risk in the context of the coronavirus (Covid-19)" as well as in the ECB Asset Quality Review Manual.
– Trigger level for the PD of at least 20%:
  If a PD of at least 20% is reached, there is an allocation to Stage 2. This trigger level is intended to serve to identify financial instruments that demonstrate a high risk of being migrated to Stage 2 or even to Stage 3. This trigger level is also stipulated in the ECB Asset Quality Review Manual.
– Results from internal credit risk monitoring processes:
  Financial instruments that are subject to closer monitoring on account of internal monitoring classifications are allocated to Stage 2. The inclusion of a borrower in the internal monitoring classifications is regarded as an indicator of a significant increase in the credit risk.
– Forborne performing:
  Another criterion for allocation to Stage 2 concerns debtors who are given concessions due to current or expected financial problems in order to maintain their solvency and their ability to make principal repayments. These debtors are classified at least to Stage 2.

These criteria are intended to ensure that financial instruments that show a significantly increased risk are classified early on and precisely as Stage 2 in order to guarantee adequate risk provisioning and monitoring.

# Accounting and Valuation (Continued)

– Minimum Time Permanence in Stage 2: Before the transfer from Stage 2 back to Stage 1 if the quantitative and/or qualitative criteria indicating a significant increase in credit risk are no longer met, a minimum period of three months is applied. This rule is based on IFRS 9.B5.5.27 according to which a debtor must furnish proof of consistently good payment conduct over a specific period before the credit risk can be considered to be lower. The minimum period of three months serves to reduce fluctuations in stage allocations and ensures that financial instruments that remain in Stage 2 for less than three months are not prematurely allocated to Stage 1, even if the risk criteria no longer justify this. For non-defaulting forborne instruments, a risk-oriented probation period is applied. This rule guarantees that financial instruments remain in Stage 2 for the regulatory minimum duration before they are allocated to Stage 1 again. This prevents a premature transfer back to Stage 1 as the debtor still has an increased credit risk compared with the other financial instruments in Stage 1.

**Determining the Expected Credit Loss (ECL)**
In addition to internal, historical data, current economic conditions and forecasts of future economic developments are also taken into account when determining the expected credit losses. The calculation is based on the regulatory procedures for determining the PD (probability of default), LGD (loss given default) and the EAD (exposure at default). These parameters are adjusted to the requirements of IFRS 9 as follows:

– Removing conservative elements:
  Elements that arise exclusively from regulatory requirements, such as conservativity premiums, adjustments to phases of economic weakness, minimum regulatory requirements and indirect costs are removed. Furthermore, all collateral recognised for regulatory purposes is taken into account.
– Taking the current macroeconomic situation into account
  The parameters are adjusted in such a way that the calculation moves from a regulatory calculation based on long-term averages, (through the cycle) to a calculation geared more strongly to the reference date (point in time), which takes into account the current macroeconomic situation.
– Taking forward-looking information into account:
  Forward-looking information in the form of scenario analyses is included and taken into account in the calculation of the expected credit losses.
– Multi-year horizon in Stage 2:
  The credit risk parameters are adjusted to the multi-year horizon required in Stage 2.

**Adjustments to parameters for the calculation of the expected credit loss:**
The following adjustments were made to the individual parameters in relation to determining the expected credit loss:

– Probability of default (PD):
  To begin with conservative elements, which arise purely from regulatory requirements, are removed from the regulatory PD. To determine a multi-year probability of default that covers the lifetime of a financial instrument, PD curves are calculated based on long-term averages and geared to the default rates of the corresponding portfolios. Statistical methods are then used to translate these PD curves to a point-in time calculation that relates more to the reference date. In addition, adjustments are made to integrate macroeconomic forecasts for the next three years.

# Accounting and Valuation (Continued)

– Loss given default (LGD)
  To calculate the multi-year probability of loss, the LGD parameters used for regulatory purposes are adjusted for conservative elements corresponding purely to regulatory requirements. Furthermore, it is examined whether it is necessary to adjust the figures calculated on the basis of long-term averages to current general economic conditions. Where required, the LGD figures are adjusted. In addition, the loss given default on liquidation (LGD liquidation) and the probability of returning to a performing status (probability of cure) are adjusted for the next three years on the basis of a macroeconomic forecast. Macroeconomic forecasts are also included in the determination of the market value of material collateral. However, downturn adjustments required for regulatory purposes are not used in this model. Nor are any internal costs incurred by the Bank in the course of handling defaulted exposures included in the calculation of the loss ratio.
– Exposure at default (EAD)
  To determine the multi-year exposure at default (EAD), the regulatory parameters are adjusted for conservative elements arising from regulatory requirements here as well. A parameter used from a regulatory perspective for drawdowns exceeding the existing credit line is not used under IFRS 9. The EAD for existing credit lines from the second year is modelled in such a way that it is identical to the one-year EAD. Historical data confirm that this is an appropriate procedure. Furthermore, a parameter is modelled that represents an expected contractual term for loans without a fixed term, which is crucial for calculating the expected loss in Stage 2. For loans with repayment schedules, expected repayments are taken into account in determining the multi-year exposure at default.

Models from the Group's central stress test area are used to adjust the PD and LGD parameters to calculate the expected loss. These models capture the relationship between macroeconomic development and the resulting development of the PD and LGD. The parameters are adjusted on the basis of the baseline scenario for the next three years. The forward-looking information is updated twice a year to reflect the current macroeconomic conditions.

In addition, the expected loss is adjusted by a factor that reconciles the potential non-linearity in the correlation between macroeconomic changes and the change in the expected loss. This adjustment factor is calculated from three weighted scenarios (see next section) and applied directly to the expected credit loss.

**Forward-looking macroeconomic scenarios**
The process for integrating macroeconomic scenarios into the calculation of the expected credit loss is consistent with other forecasting processes in the Bank's risk management, such as the EBA stress tests and the ICAAP framework. This approach is supported by UniCredit's independent research department.

Despite the potential impact of the US elections, monetary policy decisions in an environment of declining inflation rates and trade flows as a result of developments in the Middle East and the Russia-Ukraine conflict, moderate growth is expected for the eurozone in 2025 and the following years. At the same time, however, substantial risks with uncertain consequences remain. HVB Group has captured these uncertainties in three key scenarios: a baseline scenario, a recession (adverse) scenario and a positive scenario.

# Accounting and Valuation (Continued)

The baseline scenario represents the most likely economic development and is considered the reference scenario. In addition, a positive scenario and an adverse scenario are estimated. The positive scenario describes a better economic development than in the baseline scenario, while the adverse scenario reflects a poorer development. Each of these scenarios is assigned a probability of default.

***Baseline scenario***
HVB Group's baseline scenario reflects the expectation that GDP growth will gradually improve in the coming years after a moderate increase in 2024. The service sector is expected to support global GDP growth, while global trade and the manufacturing industry are likely to stagnate in 2024, making no significant contribution to a recovery. One of the biggest challenges in recent years, inflation, is showing a downward trend. Central banks around the world have recognised this trend and are beginning to adjust their monetary policy accordingly.

Moreover, downside risks are increasing, particularly within the eurozone, which is increasing pressure on the European Central Bank (ECB) to accelerate its return to a neutral interest rate policy. Within the baseline scenario, a further reduction in the ECB interest rate is expected for 2025 before stabilisation is likely to occur in the following period.

The key risks shaping the baseline scenario include the impact of political decisions in the USA, in particular with regard to import tariffs and foreign policy, the development of commodity prices, disruptions in trade flows, as well as geopolitical tensions in the Middle East and the ongoing Russia-Ukraine conflict.

***USA***
In the USA, real GDP growth for 2024 is estimated at 2.6%, with a slightly lower growth rate expected in the years 2025 to 2027, provided that the recent election promises are partially implemented. In the short term, the US economy is likely to maintain moderate momentum, whereas in the medium term the downward effects on growth, in particular as a result of higher import tariffs and more restrictive immigration policies, will be more than offset by a relaxed fiscal policy.

Inflation is likely to decline to just over 2% by the end of 2025. In response to economic developments, the US Federal Reserve (FED) is expected to cut interest rates by a further 50 basis points in 2025.

***Eurozone***
In the eurozone, GDP growth is likely to be only 0.7% in 2024, mainly due to weak performance in the manufacturing sector. Only moderate growth is anticipated again in 2025 and 2026, with GDP increasing by 0.9% and 1.2% respectively. These rather weak growth figures are mainly attributable to a slow increase in domestic demand, which is supported by a moderate increase in private consumption. This, in turn, will be supported by real wages approaching pre-pandemic levels, as well as upturns in the construction sector in the course of monetary policy returning to normal.

Since inflation in the eurozone is also on a declining trend, the baseline scenario assumes that the interest rate on the ECB deposit facility (DFR) will rise to 2% by the third quarter of 2025.

# Accounting and Valuation (Continued)

***Germany***
The German economy has developed weaker than other countries in the eurozone due to its strong reliance on the manufacturing sector and close economic ties with China. After negative GDP growth in 2023 and anticipated zero growth in 2024, a slow recovery is expected in 2025, with projected growth of around 0.7%. This recovery is being held back by the continued weak sentiment among businesses and consumers.

Among the major eurozone countries, Germany is particularly vulnerable to existing risks, such as higher import tariffs, since nearly 4% of its national GDP is generated from exports to the USA. In 2025, a decline in inflation is expected which, however, could be curbed by rising service prices.

***Adverse scenario (downturn scenario)***
In the adverse scenario, a more severe global recession is forecast, triggered by an escalation of conflicts in the Middle East and Ukraine during 2025. These conflicts lead to a significant increase in oil and natural gas prices and at the same time cause bottlenecks and delivery delays due to growing pressure on global supply chains. The eurozone, which is affected to a greater extent due to its geographical proximity to the conflicts, experiences a negative supply shock that plunges the region into a recession. In contrast, the USA is affected to a lesser extent by these pressures.

The decline in GDP leads to a significant increase in unemployment, as the output gap becomes sharply negative. However, price pressure eases rapidly and largely overcompensates supply shocks, before weaker demand reduces pressure on energy prices and supply chains. In this scenario, the eurozone GDP shrinks to begin with by 0.6% in 2025, followed by a deeper recession with a decline of 1.3% in 2026. A tentative recovery of plus 0.5% is not expected until 2027, when interest rate cuts will take effect and supply-side shocks ease.

Inflation in the eurozone falls below the ECB’s target of 2% over the entire forecast period in this adverse scenario. In response to the shocks, the ECB cuts rates more aggressively than in the baseline scenario, with the deposit rate falling to 1.25% by the end of 2025 and then to 1.0% by the end of 2026. From 2027, the deposit rate remains unchanged at 1.0%. In the USA, the FED also cuts the key interest rate moderately, albeit from a higher level. By the end of 2025, the interest rate falls to 2.75% before returning to 2.50% in 2026-2027, where it reaches its lowest point.

***Positive scenario***
In the positive scenario, a more favourable global economic environment is expected, characterised by two main factors: Firstly, a less aggressive US trade policy, which leads to increased global trade with high US economic growth rates, fuelled by the combination of fiscal stimulus and deregulation; secondly, a de-escalation or resolution of the conflicts in the Middle East and Ukraine, which gives businesses more confidence in long-term planning and provides consumers with a stronger sense of financial security.

In this scenario the eurozone economy experiences a gradual acceleration. GDP growth is forecast at 1.5% in 2025, 2.2% in 2026 and 1.8% in 2027. Increased consumer spending, robust investments and proactive monetary tightening create a balanced growth environment. The combination of fiscal and monetary policy strengthens economic resilience and contributes to a simultaneous global recovery, supported by global trade remaining stable.

# Accounting and Valuation (Continued)

Inflation remains at around 2% per year on average over the forecast period, which is in line with the ECB's target framework. Stabilising energy prices and improved supply chains contribute to subdued pressure on prices, while rising wages stimulate consumption without excessively overheating the economy. To reconcile growth and inflation control, the ECB pursues a moderate tightening policy and gradually raises interest rates.

**Scenarios (baseline and downturn scenario)**

| | | BASELINE SCENARIO | | | | POSITIVE-SCENARIO | | | | DOWNTURN SCENARIO | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FACTORS | DETAILS | 2024 | 2025 | 2026 | 2027 | 2024 | 2025 | 2026 | 2027 | 2024 | 2025 | 2026 | 2027 |
| **Real GDP** | Eurozone | 0.7 | 0.9 | 1.2 | 1.3 | 0.7 | 1.5 | 2.2 | 1.8 | 0.7 | -0.6 | -1.3 | 0.5 |
| Annual changes (%) | Germany | 0.0 | 0.7 | 1.2 | 1.4 | 0.0 | 1.3 | 2.3 | 2.0 | 0.0 | -1.0 | -2.0 | 0.5 |
| **Inflation** | Eurozone (HVPI) | 2.4 | 1.9 | 1.9 | 2.0 | 2.4 | 2.2 | 2.1 | 2.2 | 2.4 | 1.8 | 1.3 | 1.7 |
| Annual index changes (%) | Germany (VPI) | 2.2 | 1.5 | 1.7 | 1.8 | 2.2 | 1.9 | 2.0 | 2.0 | 2.2 | 1.3 | .9 | 1.5 |
| **Unemployment rate (%)** | Eurozone | 6.5 | 6.6 | 6.6 | 6.5 | 6.5 | 6.4 | 6.1 | 5.9 | 6.5 | 8.2 | 8.1 | 8.1 |
| | Germany | 6.0 | 6.0 | 5.8 | 5.7 | 6.0 | 5.8 | 5.3 | 5.0 | 6.0 | 6.5 | 7.6 | 7.3 |
| **Financial indicators** | EURIBOR 3m (end of period) | 2.8 | 2.0 | 2.0 | 2.0 | 2.8 | 2.0 | 2.0 | 2.0 | 2.8 | 1.3 | 1.0 | 1.0 |
| | Brent crude oil price ($/b) | 79.0 | 80.3 | 75.0 | 75.0 | 79.0 | 88.0 | 84.8 | 84.8 | 79.0 | 90.1 | 69.8 | 72.8 |
| **National debt (% of GDP)** | Germany | 63.3 | 63.7 | 63.3 | 62.8 | 63.3 | 63.7 | 63.3 | 62.8 | 63.3 | 66.7 | 72.3 | 73.8 |
| Real estate market (residential) | House price index (HPI) Eurozone | -1.0 | 1.0 | 2.0 | 2.0 | -1.0 | 2.0 | 4.0 | 4.0 | -1.0 | -0.2 | -0.8 | 1.5 |
| Real estate market (residential) | House price index (HPI) Germany | -3.0 | 3.0 | 3.0 | 3.0 | -3.0 | 4.0 | 4.5 | 4.7 | -3.0 | 1.2 | -0.3 | 2.3 |
| Nominal income | Germany | 4.8 | 3.5 | 2.7 | 2.5 | 4.8 | 3.8 | 2.9 | 2.7 | 4.8 | 3 | 1 | 1.8 |

**Sensitivity of expected credit losses**
The sensitivity of the expected credit loss in line with IFRS 9 was estimated taking various economic factors (see table above) into account in the fourth quarter of 2024. To facilitate the interpretation of the sensitivities, these were calculated as changes to the scenarios as a whole, which means that all macroeconomic factors are changed simultaneously to the full extent respectively (and not only by 1% in isolation).

The impact of the downturn scenario on impairments in Stages 1 and 2 is 13% compared to the baseline scenario. This means that the impairments for these stages is expected to increase by this percentage on average due to the assumed negative macroeconomic changes in the downturn scenario. In the positive scenario, on the other hand, the impairments would decrease by 3.2% on average, reflecting the positive outlook on the economy and the resulting lower probability of defaults.

**Geopolitical environment**
HVB Group takes the macroeconomic environment into account by means of regular adjustments to macroeconomic scenarios based on the internal forecasts issued by UniCredit Research. Since the introduction of IFRS 9, this has been the primary tool for taking forward-looking information (FLI) into account. The macroeconomic factors are translated into changes in credit risk parameters using the Group's "satellite model", enabling a precise adjustment of loan-loss provisions.

# Accounting and Valuation (Continued)

The most recent macro adjustment was made in the fourth quarter of 2024 and led to a reduction in impairments for expected credit losses in the performing portfolio by a total of €10 million. Together with the adjustment in the first half of the year, which had led to an increase of €21 million, the cumulative adjustments for the full year 2024 amount to an increase of €11 million (compared with €58 million in the 2023 financial year).

In 2024, a methodological adjustment was made within HVB Group’s satellite model, which involved the removal of a model-internal calibration factor. This calibration factor was originally introduced to address the high level of uncertainty during the transition period from the Covid-19 pandemic and the new macroeconomic context after the commencement of the Russia-Ukraine conflict. Since these risks have largely materialised in the meantime and are now also recorded in the regular model calibration, this calibration factor has been removed accordingly. This led to a reduction in impairments of €238 million.

In addition, the Bank continues to focus on the significant risks associated with global economic influences due to increased energy costs, high inflation and higher interest rates. These developments pose ongoing high risks for companies, particularly in energy-intensive sectors and in the real-estate sector, but also for private individuals. The resulting uncertainty, in particular with regard to the assessment of interdependent risks, will persist until the end of 2024. The Bank is using this as an opportunity to review the overlays introduced in 2022 and 2023. This review found that the overlays are still required. As at 31 December 2024, the geopolitical overlay amounts to €50 million and the CREF overlay to €96 million.

In UniCredit’s terminology, “overlays” denote specific, temporary adjustments to one-off, exogenous, industry-specific influences, typically relating to extraordinary external events. The aim of these overlays is to ensure a correct level of impairment in order to take the uncertainties created by these influences into account.

In contrast, all other adjustments are referred to as “PMAs” (post-model adjustments). PMAs typically anticipate the effects of planned changes to the credit risk models and are reversed on full implementation of these planned changes in the IT systems. PMAs are endogenous in this respect, whereas overlays are triggered exogenously.

**Overlays**
The UniCredit corporate group has supplemented its models for determining impairments with overlays to address the increased risks in specific sub-portfolios, which lead to increased expected credit losses overall. As at year-end 2024, the total overlay, which includes both the geopolitical and commercial real estate (CREF) overlays, amounts to €146 million (compared with €188 million as at 31 December 2023). Of these €146 million, the geopolitical overlay accounts for €50 million and the CREF overlay for €96 million. The methodology of the overlays as well as all major adjustments are submitted to the local Financial and Credit Risk Committee for decision-making. In keeping with the temporary nature of overlays, the Bank plans to transfer them to the models in the medium term if the overlay has not been fully utilised or has been reversed as the original reason for the overlay no longer applies.

# Accounting and Valuation (Continued)

**Geopolitical overlays**
Geopolitical overlays were introduced to take account of the specific risks of the Russia-Ukraine conflict, which has led to an increase in energy costs, inflation and interest rates, and to address the impact on both companies and private individuals. These industry-specific, external and geopolitical risks, which cannot be adequately captured by UniCredit's macrodependency model ("satellite model"), made it necessary to apply the overlay in 2022.

Although some effects of the Russia-Ukraine conflict, such as the availability of energy, have weakened compared with previous years, the economic environment remains characterised by uncertainty. In particular, the potential impact of the US election promises regarding increased import tariffs, as well as the geopolitical tensions in the Middle East and with regard to the Russia-Ukraine conflict, continue to pose significant risks. The geopolitical overlay is thus still required for the segments that are particularly at risk from the increase in energy costs and the higher inflation rates in order to ensure an appropriate impairment for non-impaired loans.

For the Bank, this means that that the outlook for affected companies is still tense and is characterised by uncertainty. As this uncertainty directly impacts business and market developments, the Bank continues to use the overlay as an instrument to capture the specific effects, that are difficult to quantify, on the affected sub-portfolios. As of the fourth quarter of 2024, the geopolitical overlay was €50 million, which now only pertains to companies in the affected sectors. For the group of individuals who were also initially affected, the Bank assumes that these original overlays in this area are now obsolete as the poorer macroeconomic conditions following the introduction of the overlay are already adequately reflected in the forward-looking information.

**Commercial real estate business overlay (CREF)**
The introduction of the commercial real estate finance (CREF) overlay supplements the already existing geopolitical overlay and specifically addresses the particular challenges with which the commercial real estate (CRE) sector, as well as the construction and real estate sector are currently confronted. This sector-specific approach is required as the macroeconomic models ("satellite model") are not able to adequately capture these sector-specific risks due to their broad economic scope.

Companies related to the real estate sector are facing a number of challenges:

1. High interest rates and increased funding risks:
   This affects both real estate developers and owners of commercial properties who are struggling with rising interest costs and the associated refinancing problems.
2. Lower orders and rising construction costs:
   In connection with the general economic uncertainty (due, among other things, to the Russia-Ukraine conflict and the Middle East conflict) and inflation, construction costs are rising while demand for new construction projects could stagnate at the same time.
3. Falling real estate prices and lower rental income:
   The decline in property values and the limited ability to adjust long-term leases to the higher operating costs are exacerbating the financial situation of CRE companies and real estate investors.

# Accounting and Valuation (Continued)

It is ensured that the geopolitical and the CREF overlay do not overlap, i.e. that risks are not taken into account twice, but that each overlay is specifically geared to its target segments. The methodological principle on which the CREF overlay is based is similar to that of the geopolitical overlay. Based on the default rates of the specific segments, an additional outflow to the non-performing portfolio was observed in 2024. This is expected in the future as well. As a result, higher expected credit losses, which cannot be captured by the models, are already anticipated in the performing portfolio and corresponding impairments have been set up. The additional impairments posted in this way amounted to €96 million at year-end 2024.

**Other materially relevant methodological adjustments to Stage 1 and 2 impairments**
To determine the allocation of financial instruments to Stage 1 and Stage 2, one quantitative and various qualitative criteria are used as part of the transfer logic. The quantitative criterion, based on a variety of statistical models, was updated in the first half of 2024. It now applies an adjusted view of the PD on initial recognition (when the loan was granted), also taking into account the remaining term and the rating class. As part of the methodological update, the probation period was replaced by the minimum time performance, in which the financial instrument must be allocated to Stage 2 for at least three months before a return to Stage 1 is permitted, regardless of the result of the quantitative and qualitative criteria. The combined effect of the model changes during the implementation in the first half of the year resulted in an increase of €11 million in impairments.

In the third quarter of 2022, a new IRB-LGD model for RWA and EL purposes was implemented (as is customary for IRB models, this has a time horizon of one year). The technical implementation of this new LGD model for general loan-loss provisions was completed and applied in the course of 2024. This resulted in an increase of €35 million in general loan-loss provisions, which was covered by the post-model adjustment of €56 million entered at year-end 2023. The PMA was reversed after the introduction of the new model.

In accordance with regulatory requirements, climate and environmental risk factors are taken into account in the calculation of the impairments as at 31 December 2024. For the company perimeter, the PD and LGD calculations are adjusted using models that capture what are known as physical and transition risks. The physical risks arise from the effects of natural events, whereas the transition risks arise from a shift towards a low-carbon economy. While the PDs are adjusted according to the risks, what are known as haircuts are applied to the real estate collateral for the LGDs. The following risks are covered:

- Physical risk with PD:
  Effects of natural events and global warming that can damage company assets and lead to disruptions in business operations or supply chains.
- Physical risk with LGD:
  Effects that arise from damage caused by extreme natural events to residential and commercial buildings that are used as loan collateral, leading to a sudden decrease in their value.
- Transition risk with PD:
  Effects that arise from the transition to a low-carbon economy as well as changes in politics, technology and market preferences that could affect the solvency of partners with high emissions.
- Transition risk with LGD:
  Effects that arise from new efficiency standards and regulatory requirements that may impact real estate collateral.

# Accounting and Valuation (Continued)

The implementation of the climate and energy risks within the general loan-loss provision models resulted in an increase of €25 million in impairments for Stage 1 and Stage 2.

The following table provides an overview of the change in the main overlays and post model adjustments:

| € millions | | 2024 | 2023 | CHANGE |
|---|---|---|---|---|
| OVERLAYS | Geopolitical | 50 | 64 | -14 |
| | Commercial Real Estate Finance (CREF) | 96 | 124 | -28 |
| PMA | Loss-given default (LGD) | — | 56 | -56 |

**Deterioration in creditworthiness (Stage 3)**
The HVB Group units responsible for the restructuring or workout of non-performing exposures determine the future incoming payments for credit-impaired exposures which are significant in terms of amount based on the circumstances in each case. Consequently, specific allowances are recognised for these exposures while a collective allowance is recognised on a parameter basis for credit-impaired exposures that are insignificant in terms of amount in line with the method used in determining the expected credit losses.

If the creditworthiness of the borrower of a debt instrument has deteriorated, such credit-impaired assets are allocated to Stage 3. For these assets, interest income is recognised only in the amount of the interest on the basis of the net carrying amount. Like in the past, a deterioration in creditworthiness has occurred when a material liability of the borrower is past due by more than 90 days or HVB Group believes the borrower is unable to meet their payment obligations in full without steps to realise collateral being taken. This presupposes that there is objective evidence that the financial asset is impaired. Objective evidence of impairment refers to events that normally lead to an actual impairment. In the case of debt instruments, these are events that could result in the borrower not being able to settle their obligations in full or at the agreed date. Objective evidence is provided only by events that have already occurred, not by events expected in the future. The assessment of the borrower's creditworthiness using internal rating processes is relevant in this connection. This assessment is reviewed periodically and when negative events occur. If the borrower is 90 days in arrears, this is considered objective evidence of an impairment, similarly leading promptly to a review of the borrower's individual rating on account of the occurrence of a negative event involving the borrower. Based on internal procedures, the classification of the borrower is updated to "in default" or "not in default". As a result, the assessment of the borrower's creditworthiness is always assessed with regard to their ability to meet outstanding liabilities.

In Stage 3, the impairment is calculated as the difference between the carrying amount and the present value of the expected future cash flow. These figures are estimated by HVB Group and are generally discounted using the original effective interest rate. In doing so, different, realistic scenarios are estimated whereby the impairment loss is obtained from the expected value of the credit defaults weighted by the probability of occurrence for each scenario. The impairment loss calculated in this way likewise corresponds to the expected credit losses for the debt instrument but, deviating from Stage 1 and Stage 2, the probability of default is no longer taken into account as default has already occurred.

# Accounting and Valuation (Continued)

As the debt instrument is in default, it is put on a non-accrual basis, i.e. the contractual interest payments are no longer recognised in the income statement. Instead, the interest income is determined on the basis of the net carrying amount. For this purpose, the net carrying amount from the previous period is generally compounded at the original effective interest rate of the debt instrument over the reporting period. Furthermore, the amounts put on a non-accrual basis are recorded both in the gross carrying amount and in the impairment losses without affecting income. As, in doing so, the gross carrying amount and the impairment losses are increased by the same amount, the net carrying amount does not change.

As soon as the reasons for the default no longer apply, the assets are transferred back to Stage 1 or 2, respectively, depending on whether the credit default risk is still significantly higher or not in comparison to when the assets were initially recognised.

In the case of financial guarantees and irrevocable credit commitments made to a borrower in default, a possible impairment is determined in the same way; the impairment loss is recognised as a provision.

If a receivable is considered uncollectible, the amount concerned is written off, which leads to the derecognition of the receivable. The amount is derecognised if the receivable in question is due, any available collateral has been realised and further attempts to collect the receivable have failed. Acute country-specific transfer risks are taken into account in the process. For the general treatment of transfer risks (country risk), please refer to the presentation of credit risk in the Risk Report.

For financial assets that were already in default upon initial recognition (purchased or originated credit impaired assets – POCI), the interest income is likewise recognised only at the amount of interest based on the net carrying amount. Credit losses expected upon initial recognition are already taken into consideration in the carrying amount (fair value) when posting assets. The carrying amount (fair value) upon recognition represents the present value of the expected payments that are discounted at the credit-risk-adjusted market interest rate. As a result, no impairment is recorded for POCI assets upon initial recognition. In the course of subsequent measurement, these assets are measured on the basis of the loss anticipated over the (residual) term to maturity; however, in the case of higher expected inflows than assumed upon initial recognition, the assets can be written up to amounts in excess of the acquisition cost.

**Modification of financial assets measured at amortised cost**
If the contractual terms of financial assets are modified, it is necessary to review whether such modifications are significant or insignificant. Whereas significant modifications result in the derecognition of the existing asset and the posting of a new, significantly modified asset, in the case of insignificant modifications, only the agreed modifications to the contractual cash flows are discounted. The difference between the present value of the modified contractual payments determined in this way and the carrying amount (present value of the contractual payments before modification) are recognised in the income statement.

A significant modification to the contractual terms has occurred where compliance with cash flow conditions has changed or there is a further substantial adjustment to the conditions. In such cases, the existing loan is derecognised and the modified loan posted as a newly extended loan.

# Accounting and Valuation (Continued)

In addition, lending agreements can be modified to ease the burden on borrowers in poor financial situations and improve the probability of the loans being serviced (forbearance). Various strategies may be used to ease the burden on the borrower. Possible measures include deferrals and temporary moratoriums, longer periods allowed for repayment, reduced interest rates and rescheduling, and even partial debt waiver.

Where the Bank waives payments by the borrower (such as waived fees, reduction of contractual interest rates, etc.) due to a deterioration in creditworthiness, such a waiver represents objective evidence of the borrower defaulting. The derecognition of payments due or of future repayments of principal caused by an issued waiver is recognised in the income statement, provided an allowance had not already been set aside for this in the past.

If the modification of the contractual agreement does not result in the derecognition of the receivable or part of the receivable on account of the waiver of payments due or of future repayments of principal but merely to an adjustment of future cash flows, for example through a prospective reduction in the interest rate as of the date of the modification, the gross carrying amount has to be adjusted accordingly. For this purpose, the newly agreed cash flows have to be discounted at the original effective interest rate and this present value deducted from the gross carrying amount (prior to the contractual modification). The difference determined in this way is recorded as a modification gain or loss through the income statement. As this primarily affects non-performing, impaired receivables, the modification gain or loss is reported under the consolidated income statement item “Net write-downs of loans and provisions for guarantees and commitments”.

### 15 Investments in associates and joint ventures accounted for using the equity method
Investments in associates and joint ventures are accounted for using the equity method.

### 16 Property, plant and equipment
Property, plant and equipment are tangible assets held for use in the production or supply of goods or services, for leasing to third parties or for administrative purposes and are expected to be used for longer than one period. Property, plant and equipment includes land and buildings used by HVB Group itself, fixtures in buildings not owned by the Bank, plant and office equipment and right-of-use assets (leases).

Property, plant and equipment are measured at acquisition or production cost upon initial recognition. This includes:
– the purchase price including customs duty and non-refundable turnover tax after deducting rebates, bonuses and discounts
– all directly attributable costs that were incurred to transport the asset to the site and to put it into the required, operational condition as intended by Management
– costs of future waste disposal, recultivation and similar obligations

Acquisition or production cost incurred subsequently is capitalised in the carrying amount of the item of property, plant and equipment, provided additional economic benefits flow to the Bank. Expenditure on repairs or maintenance of the item of property, plant and equipment is recognised as expense in the year in which it is incurred.

# Accounting and Valuation (Continued)

After initial recognition, HVB Group applies the following accounting principles to its property, plant and equipment in line with IAS 16.29:

– Subsequent measurement of owner-occupied property is carried out by applying the revaluation model in accordance with IAS 16.31. In this case, the land and buildings each form separate classes of property, plant and equipment. If an item of property, plant and equipment is revalued, the entire class of the property, plant of equipment to which that asset belongs is revalued. As a general rule, assets within a class of property, plant and equipment are to be revalued at the same time. However, they may be revalued on a continuous (rolling) basis provided their revaluation is completed within a short period and the revaluations are kept up to date. An item of property, plant or equipment (land and/or buildings) recognised as an asset is accounted for at a remeasured amount, which will generally be the fair value at the revaluation date less any subsequent accumulated scheduled depreciation and impairment losses.
– The remaining items of property, plant and equipment are measured on the basis of the cost model in line with IAS 16.30 upon subsequent measurement. According to this model, an item of property, plant and equipment recognised as an asset is generally accounted for at its acquisition or production cost less any accumulated scheduled depreciation and impairment losses (amortised acquisition or production cost).

Although HVB Group measures its owner-occupied land and buildings using the revaluation model, it was decided in line with IFRS 16.35 that this valuation model would not be applied to the right-of-use assets relating to these asset classes. The valuation of the right-of-use assets from leases recognised under property, plant and equipment is thus carried out on the basis of the cost model. A detailed presentation of this is given in the Note "Lease operations".

A prerequisite for the application of the revaluation model is that the fair value of the owner-occupied land and buildings can be reliably determined. According to the definition in IAS 16.6, the fair value of property, plant and equipment is the price that would be received for the sale of an asset or paid for the transfer of a debt in an orderly transaction between market participants at the measurement date. The fair value is determined in accordance with the provisions of IFRS 13.

For the revaluation of owner-occupied land and buildings, valuation reports are prepared by independent external experts. Revaluations are carried out every six months and thus with sufficient regularity to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

The revalued amount (fair value) determined for the land or buildings at the revaluation date is the new carrying amount. The difference to the previous carrying amount of the asset is recognised as follows, taking account of previous periods:

– If the fair value is higher than the carrying amount due to an increase in value, the difference is generally to be reported in the consolidated statement of total comprehensive income under other comprehensive income (OCI) and accumulated in equity as a revaluation surplus without affecting profit or loss. However, if a revaluation loss was recognised as an expense in the consolidated income statement in previous periods, in exceptional cases a write-up must be recognised in the income statement up to the amortised acquisition or production cost in the event of a new increase in value. All increases in value beyond this are to be recognised through other comprehensive income without affecting profit or loss and thus increase the revaluation surplus in equity. Consequently, a revaluation gain in excess of amortised acquisition or production cost is never recognised in profit or loss.

# Accounting and Valuation (Continued)

– By contrast, if the fair value is lower than the carrying amount due to a decrease in value, the carrying amount must be written down to the lower fair value. If there is a revaluation surplus for the asset concerned as a result of revaluation gains in previous periods, it is reversed in the event of a new revaluation loss by recognising the decrease in value through other comprehensive income without affecting profit or loss. Any revaluation loss beyond this is recognised in profit or loss.

Revaluation effects recognised directly in equity are reported in the consolidated statement of comprehensive income under the item "Allocation to/withdrawal from the revaluation surplus for owner-occupied property (IAS 16)" as components of the income and expense items recognised through other comprehensive income that will not be reclassified to the consolidated income statement in future periods (no recycling). The revaluation surplus is recognised under the item "Revaluation surplus for owner-occupied property" as a component of other reserves in equity in the consolidated balance sheet and reported separately in the statement of changes in consolidated shareholders' equity.

After revaluation, scheduled depreciation is taken on depreciable buildings on a straight-line basis over their expected useful lives upon subsequent measurement. The revalued amount constitutes the new basis of measurement for depreciation. Scheduled depreciation is not taken on land as it is a non-depreciable asset. For all other depreciable items of property, plant and equipment, the acquisition or production cost is subsequently reduced by scheduled straight-line depreciation in line with the expected useful life. The depreciable amount to be offset from the depreciable assets for each period is recognised in profit or loss as a basic rule.

Fixtures in rented buildings are depreciated over the term of the rental contract, taking into account any extension options, if this is shorter than the normal useful life of the asset concerned. The right-of-use assets from leases reported under property, plant and equipment are generally subject to scheduled depreciation on a straight-line basis over the shorter of the expected useful life of the right-of-use asset or the underlying asset and the term of the lease agreement. A detailed description of the leases including the consequences of any agreements, e.g. on purchase options, is provided in the Note "Lease operations".

The following economic lives were taken as a basis for determining the depreciation on property, plant and equipment:

| PROPERTY, PLANT AND EQUIPMENT | ECONOMIC LIFE |
|---|---|
| Buildings | 25–60 years |
| Fixtures in buildings not owned | 10–25 years |
| Plant and office equipment | 3–25 years |

The useful lives and depreciation methods of property, plant and equipment are reviewed once a year and adjusted as appropriate if the current expected useful lives differ from earlier estimates or if significant changes have occurred in the expected future economic use of the assets. The required changes in estimates are taken into account prospectively in accordance with IAS 8.

# Accounting and Valuation (Continued)

Unscheduled impairments are taken in accordance with IAS 36 on items of property, plant and equipment that have an impaired value. The revaluation does not replace the test to determine whether there is any indication of an impairment. An item of property, plant and equipment is considered impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The recoverable amount is generally determined on the basis of the value in use. The offset of an identified impairment of a revalued asset (land or building) is to be recognised as a revaluation decrease in compliance with the revaluation model pursuant to IAS 16 in line with the procedure described above. An impairment loss is thus recognised through other comprehensive income provided that this does not exceed the amount reported in the revaluation surplus for the same asset. However, the impairment loss of an asset which is not revalued (other property, plant and equipment) is immediately recognised in the consolidated income statement through profit or loss in each case.

If the reasons for unscheduled depreciation cease to apply, a write-up of property, plant and equipment is carried out. In doing so, the carrying amount increased by the impairment reversal may not exceed the (net) carrying amount which would have resulted if no impairment loss had been recognised for the asset in previous periods. Any impairment reversal of a revalued asset is to be treated as an increase in value as a result of revaluation compliant with IAS 16 in line with the above. This means the reversal of the unscheduled depreciation is to be credited to the revaluation surplus through other comprehensive income, unless the impairment was previously recognised in the income statement. By contrast, the impairment reversal of an asset that is not revalued is always recognised directly in the net income for the period.

Scheduled and unscheduled depreciation and write-downs as well as write-ups recognised in the consolidated income statement for property, plant and equipment are generally reported in the item “Amortisation, depreciation and impairment losses on intangible and tangible assets” within operating costs.

The difference between depreciation based on the carrying amount revalued at fair value and depreciation based on the amortised acquisition or production cost is transferred each year within equity from the revaluation surplus to retained earnings. Any revaluation surplus thus corresponds to the difference between the fair value and the amortised acquisition or production costs.

HVB Group adjusts the reported acquisition cost and the accumulated depreciation accrued up to the revaluation date in the statement of changes in non-current assets in proportion to the change in the carrying amount, so that the (net) carrying amount reflects the fair value (restatement approach). For example, if a revaluation increases the carrying amount by 10% of the fair value determined at the revaluation date, both the acquisition costs and the accumulated depreciation are increased by this factor (10%) in the statement of changes in non-current assets.

The carrying amount of an item of property, plant or equipment is derecognised on disposal or when no future economic benefits are expected from its use or sale. In the event of the sale of revalued land or a revalued building, the revaluation excess recognised in and allocable to the revaluation surplus is transferred in full to equity in retained earnings.

Excluded from the application of the revaluation model are owner-occupied properties that are in the process of being sold and are recognised as "Non-current assets or disposal groups held for sale". The measurement requirements of IFRS 5 are applied to these properties. However, the property must be revalued for the last time at the time of reclassification if the carrying amount differs from the fair value at that time.

# Accounting and Valuation (Continued)

## 17 Lease operations
IFRS 16 rules govern the accounting of lease operations. These rules apply in HVB Group to leases of property, plant and equipment and to investment properties. IFRS 16 does not apply to leases involving licence agreements.

In the case of newly concluded agreements, HVB Group assesses upon commencement of the agreement whether the agreement constitutes or contains a lease. This is the case when the agreement gives the right to control the use of an identified asset (of the underlying asset) for a specified period of time in return for a fee. HVB Group assesses whether the definition of a lease and the related guidelines in IFRS 16 are met primarily on the basis of the following criteria:
- the agreement contains an identified asset which is either explicitly specified in the agreement or implicitly specified by the fact that the asset is made available for use by HVB Group at a certain point in time;
- HVB Group is essentially entitled to derive all the economic benefits associated with the use of the identified asset throughout the period of use, taking into account the rights set out in the agreement;
- HVB Group is entitled to decide on the use of the identified asset throughout the period of use. This is particularly the case if HVB Group has the right to determine how and for what purpose the asset is used.

Furthermore, it is only necessary to reassess whether an agreement constitutes or contains a lease if the terms of the agreement change.

### *HVB Group as lessee*
In the case of agreements which constitute or contain a lease, HVB Group as the lessee generally recognises as an individual lease each lease component separately from the non-lease components of the agreement. In doing so, the contractually agreed consideration is allocated to the individual contractual components on the basis of the relative individual selling prices. HVB Group does not make use of the practical facilitation option, according to which a lessee can decide for individual classes of underlying assets not to separate the non-lease components and instead to account for lease and non-lease components as a single lease component.

Leases are accounted for by the lessee using a uniform accounting model (right-of-use approach). According to this model, HVB Group as the lessee generally recognises an asset for the right granted to use the underlying leased asset and a corresponding lease liability for the obligation to make the outstanding lease payments for each lease at the commencement date of the lease.

However, IFRS 16 provides lessees with the option of exempting short-term lease agreements with a term of up to 12 months and leases of low-value assets from recognition. HVB Group has elected to apply the simplified presentation option to all such leases and recognises the related lease payments on a straight-line basis over the term of the lease as an expense in the consolidated income statement.

# Accounting and Valuation (Continued)

The right-of-use assets recognised in the consolidated balance sheet are measured at cost upon addition. Such cost includes the present value of all future lease payments (the amount resulting from the initial measurement of the lease liability), plus payments made on or before the commencement date of the lease, initial direct costs and estimated costs of dismantling or restoring the underlying asset or the site where it is located (to the extent that such dismantling costs give rise to an obligation that is recognised and measured in accordance with IAS 37) less any lease incentives received.

The right-of-use assets reported under property, plant and equipment are subsequently measured using the cost model. In accordance with the depreciation rules of IAS 16, the right-of-use assets are generally amortised on a straight-line basis over the shorter of the expected useful life of the right-of-use asset or the underlying asset and the term of the lease. If, however, the lease payments to be taken into account also include the transfer of ownership of the leased asset at the end of the lease term, or if the cost of the right-of-use asset takes into account the fact that the lessee will exercise a purchase option, the write-downs of the right-of-use asset are made over the remaining economic life of the underlying asset. Existing term and call options are taken into account if their exercise is deemed sufficiently certain. In addition, the right-of-use asset is continually tested for impairment in accordance with IAS 36, written down if necessary and adjusted for certain remeasurements of the lease liability. While HVB Group establishes the value of its land and buildings reported under property, plant and equipment in accordance with the revaluation model of IAS 16, it was decided that this valuation model will not be applied to the right-of-use assets relating to these investment classes.

In contrast, the fair value model is applied to right-of-use assets that meet the definition of investment properties in IAS 40 and are reported under investment properties, as this model is also used for the subsequent measurement of investment properties in HVB Group. Consequently, HVB Group measures the right-of-use asset it has to an investment property at fair value and not at the underlying value of the asset.

The initial measurement of the lease liability is based on the present value of the lease payments not yet made on the commencement date. Lease payments comprise fixed payments (including de facto fixed payments), variable lease payments linked to an index or (interest) rate (initially measured at the index or (interest) rate applicable on the commencement date), the amounts expected to be paid under a residual value guarantee and the exercise price of a purchase option if the lessee is reasonably certain to exercise it. Penalties for premature termination of the lease are only included in the lease payments if the lessee is reasonably certain to terminate the lease prematurely. All lease incentives (e.g. rent-free periods) expected to be received are deducted from this.

Lease payments are discounted at the interest rate underlying the lease (interest rate implicit in the lease) if it can be readily determined. Otherwise they are discounted at the lessee’s incremental borrowing rate. The latter is the interest rate that a lessee would have to pay to raise funds in a similar economic environment in order to obtain an asset of similar value at comparable conditions. In order to determine the incremental borrowing rate, HVB Group uses a fixed interest rate curve based on a swap rate (base rate) and the Bank’s funding premium, which reflects the nature of the lease obligations. According to this method, the lease payments not yet made are discounted to the present value at current interest rates taking into account the internally determined funding premiums. The funding premiums correspond to the parameters that the Bank uses when setting the prices for its own borrowings. As a rule, we apply the incremental borrowing rate for discounting because the interest rate implicit in the lease is generally not available to us.

# Accounting and Valuation (Continued)

Any variable lease payments that are not linked to an index or (interest) rate and are therefore not taken into account in the measurement of the lease liability are recognised by lessees as an expense in the period in which they arise.

In the course of the subsequent measurement, the lease liability is updated using the effective interest method from accounting mathematics. The carrying amount of the lease liability is compounded and reduced by the amount of the lease payments made with no effect on income.

The lease liability is remeasured if future lease payments change due to a change in the index or (interest) rate, if the estimate of the expected payments under a residual value guarantee is adjusted, if the estimate of the exercise of a purchase, extension or termination option changes or if the de facto fixed lease payment changes. The right-of-use asset is to be adjusted accordingly by the amount resulting from the revaluation of the lease liability. If the reduction in the lease liability exceeds the carrying amount of the right-of-use asset, the resulting residual amount (difference between amount of the reduction in the lease liability and the carrying amount of the right-of-use asset) is recognised in profit or loss.

Disclosure in the consolidated financial statements of HVB Group is as follows:

– In the consolidated balance sheet, right-of-use assets that do not meet the definition of investment property are reported under property, plant and equipment. In contrast, right-of-use assets that meet this definition are presented in the balance sheet as investment properties. Lease liabilities are presented in the balance-sheet item “Deposits from customers” or “Deposits from banks” depending on the contractual partner.
– In the consolidated income statement, scheduled and unscheduled amortisation and write-downs, as well as write-ups on the right-of-use assets contained in property, plant and equipment are generally recognised in the item “Amortisation, depreciation and impairment losses on intangible and tangible assets” within operating costs. A gain or loss arising from a change in the fair value of rights to use investment properties is recognised directly in the income statement item “Net other expenses/income”. The accrued interest on the lease liabilities contained in the deposits from customers and deposits from banks is recognised under interest expense. Expenses in connection with short-term lease agreements, leases based on a low-value assets and variable lease payments not taken into account in the measurement of the lease liabilities are shown in the item “Other administrative expenses”.

HVB Group acts as seller/lessee in sale-and-leaseback transactions in which it sells assets (properties) to another company (buyer/lessor) which it then leases back from that company. The provisions of IFRS 15 are applied in determining whether the transfer of the assets is to be accounted for as a sale. If the transfer of the asset as a result of the transfer of control constitutes a sale, the seller/lessee must recognise the right-of-use asset relating to the leaseback at that portion of the former carrying amount relating to the right-of-use asset retained by it. Any gain or loss on the transaction is thus recognised only to the extent to which it relates to the rights transferred to the buyer/lessor. The pro rata unrealised gain on the sale resulting from the adjustment of the initial measurement of the right-of-use asset is subsequently recognised as a reduction of the ongoing write-downs of the right-of-use asset over the term of the leaseback.

# Accounting and Valuation (Continued)

If the transaction is not carried out at fair value or at standard market conditions but, for example, a purchase price premium is compensated by higher lease payments, the differences are considered to be financing transactions. The acquisition cost of the right-of-use asset is to be reduced by these financing components accordingly in order to recognise the right-of-use asset and the income from the sale of the asset. However, if the transfer of the assets does not constitute a sale because control is not transferred, the transaction is presented in the balance sheet of the seller/lessee as a financing transaction. The seller/lessee continues to recognise the transferred assets and recognises the financial liability in the amount of the income from the transfer in accordance with IFRS 9.

***HVB Group as lessor***
In the case of agreements that constitute or contain a lease, HVB Group as a lessor reports as a lease each lease component separately from the non-lease components of the agreement and applies the respective regulations of IFRS 15 to the distribution of the contractually agreed compensation between the individual components.

Leases in which HVB Group appears as the lessor are classified as either finance or operating leases on commencement of the lease (dual lessor accounting model). If the terms of the lease essentially transfer all the risks and rewards incidental to ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases. The classification is only reassessed in the event of a change in the lease agreement.

In the case of a sublease, HVB Group acts as an intermediate lessor and accounts for the principal lease and the sublease as two separate agreements. The classification of the sublease as a finance or operating lease is based on the right-of-use asset and not on the asset from the principal lease underlying the lease. If the principal lease is a short-term lease to which HVB Group applies the above described exemption, the sublease is classified as an operating lease.

– Operating leases
  In the case of operating leases, the lessor, as the beneficial owner, recognises the underlying asset in its consolidated balance sheet. The leased assets are carried under property, plant and equipment or investment properties and measured in accordance with the relevant methods described. Lease income from operating leases is recognised on a straight-line basis over the term of the respective lease and shown under other income in the “Net other expenses/income” item. Initial direct costs incurred in negotiating and agreeing a lease are added to the carrying amount of the leased asset and allocated on a straight-line basis over the term of the lease.

# Accounting and Valuation (Continued)

– Finance leases
  If the lessor transfers the underlying asset to the lessee for use under a finance lease, the lessor must derecognise it from its consolidated balance sheet on the commencement date and recognise a finance lease receivable from the lessee. The initial measurement of the finance lease receivable included in the item “Loans and receivables with customers (at cost)” or “Loans and receivables with banks (at cost)” is carried at the net investment in the lease using the lessor’s interest rate underlying the lease. Initial direct costs are included in the initial measurement of the net investment in the lease and reduce the income recognised over the lease term. The lease payments to be included in the amount receivable under the lease generally correspond to the payments that must also be taken into account upon the initial measurement of a lessee’s lease liability. Subsequently, the lease payments received by the lessee are divided into an interest portion recognised in the income statement and a redemption portion. Interest income is recognised over the term of the lease using the effective interest method; the redemption portion reduces the outstanding receivable as a repayment of the principal. The derecognition and impairment provisions of IFRS 9 are to be applied to the amounts receivable under the lease. If the estimated unguaranteed residual values are used in the calculation of the gross investment in the lease, the lessor must review these values at regular intervals.

Any variable lease payments are recognised as income by the lessor in the period in which they arise.

For more information on leases, please refer to the Note “Information regarding lease operations”.

### 18 Investment properties
Investment properties are real estate (land and buildings) that HVB Group holds to earn rental income and/or for capital appreciation over the long term.

Investment properties are recognised at acquisition or production cost including transaction costs at the time of addition. These are then measured using the fair value model in accordance with IAS 40.33. This also applies to the right-of-use assets under leases that comply with the definition of investment property in IAS 40 and are classified as investment property. There is no scheduled depreciation over the economic life. Gains and losses resulting from changes in the fair value are recognised through profit or loss in the consolidated income statement under the item “Net other expenses/income” in the period in which they arise. Current expenses and rental income for land and buildings held as an investment is also reported in this item.

The fair value of investment properties is determined as follows: the properties to be measured are always unique which means that there are no prices that are observable for these properties. Consequently, the fair value is to be determined on the basis of recognised valuation methods (Level 3). Only in exceptional cases can binding offers or non-binding reliable offers for a property be made in the course of a selling process (such as for investment properties classified as non-current assets or disposal groups held for sale), so that the fair value can be determined on the basis of prices observable on the market (Level 2). The valuation is carried out at regular intervals.

# Accounting and Valuation (Continued)

The appraisals prepared to calculate fair values are based on recognised appraisal methods used by independent external assessors, primarily taking the form of comparative-value, asset-value and income approaches. In the income approach, current market rents, management and maintenance costs and property yields are applied in the case of developed land. Where necessary, property-specific considerations are also taken into account when determining the value. Among other things, these property-specific factors include vacancy rates, deviations between current contractual rents and current market rents, the condition of the buildings' technical systems and similar factors. In the case of undeveloped land, figures for sales of nearby land that have been completed are normally taken as a basis; where these are not available, the standard land value is used as a benchmark, with adjustments made for the individual location, size and layout of the plot of land, among other factors.

An investment property is derecognised upon disposal or when it is permanently no longer to be used and future economic benefits from the disposal are no longer expected. The gain or loss on disposal is determined as the difference between the net proceeds on disposal and the carrying amount of the asset and is recognised through profit or loss in the consolidated income statement in the period of disposal.

In some cases, it may prove difficult to classify a property as an investment property rather than property, plant and equipment. Classification is especially difficult if part of the property is held by the Group as an investment while another part is used for the Bank's own purposes as an administration building, and the parts of the property cannot be sold separately or leased out under a finance lease so that the two parts are not accounted for separately. In such cases, HVB Group classifies a mixed usage property in full as an investment property if more than 90% of the property is leased to an external third party and the part of the property used by the Bank is of subordinate importance. The whole property is classified as property, plant and equipment if the part of the property leased externally totals 90% or less.

### 19 Intangible assets

Intangible assets mainly consist of internally created and separately purchased software as well as purchased customer relationships. As a basic rule, software is no longer created internally at HVB. Software is supplied to HVB by the UniCredit-wide service provider UniCredit Services S.p.A.

Intangible assets are only capitalised if it is probable that a future economic benefit will flow to the Bank and the cost of the assets can be reliably measured.

Internally created and separately purchased intangible assets are generally recognised at their acquisition or production cost less any accumulated scheduled amortisation and impairment losses (cost model according to IAS 38.74).

Software has a limited useful life and is measured over an expected useful life of three to five years and other intangible assets with a determinable useful life are amortised on a scheduled straight-line basis over an expected useful life of up to ten years.

Scheduled and unscheduled amortisation, impairments and write-ups on intangible assets are recognised through profit or loss in the consolidated income statement under the item "Amortisation, depreciation and impairment losses on intangible and tangible assets" within operating costs.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or sale.

# Accounting and Valuation (Continued)

## 20 Non-current assets or disposal groups held for sale

Under IFRS 5, non-current assets or disposal groups held for sale which are expected to be sold within one year are to be recognised as non-current assets or disposal groups held for sale. Upon reclassification, these are generally carried at the lower of the carrying amount or fair value less costs to sell. Upon subsequent measurement following reclassification, the non-current assets or disposal groups held for sale are, if necessary, written down to a lower fair value less costs to sell if this has fallen at subsequent reporting dates. Should the fair value increase, the total may be written up to an amount that is no more than the cumulative impairment loss.

Financial instruments as defined by IFRS 9 and non-current assets measured according to the fair value model in IAS 40, for which the measurement requirements of the respective IFRS apply, are among the items exempt from the IFRS 5 measurement requirements.

## 21 Liabilities

Deposits from banks and customers as well as debt securities in issue that are not hedged items of an effective micro fair value hedge are carried as liabilities at amortised cost. Upon initial recognition, they are disclosed at their fair value including any transaction costs. Interest accruing on the liabilities is calculated using the effective interest method.

In previous years, HVB entered into targeted longer-term refinancing operations (TLTRO III) with the ECB. As at the reporting date, liabilities arising from participation in the TLTRO III programme are no longer included as the remaining funds in the amount of €5.8 billion were repaid in the first half of 2024. These operations are recognised in the balance sheet at cost using the effective interest method. The interest conditions were dependent on the fulfilment of certain lending criteria relating to two specific reporting periods defined by the ECB. The lending criteria were fulfilled for both periods as expected upon addition (the first period ended on 31 March 2021 and the second period on 31 December 2021). On the assumption that the lending criteria were fulfilled, the resulting interest payments and premiums were taken into account accordingly as expected or estimated future cash inflows or outflows in order to determine the effective interest rate.

## 22 Financial liabilities held for trading

This item includes the negative fair values of traded derivatives and all other derivatives that are not classified as hedging derivatives (which are recognised separately). Also included here are warrants, certificates and bonds issued by our trading department, liabilities under repurchase agreements as well as delivery obligations arising from short sales of securities held for trading purposes.

Financial liabilities held for trading are carried at fair value. Gains and losses from the valuation and realisation of financial liabilities held for trading reported in the consolidated income statement under net trading income. We act as market maker for the structured products we issue.

With interest rate swaps, the two offsetting interest payment flows are aggregated for each swap contract and reported in net terms as interest income or interest expense. In the case of pure derivatives trading portfolios, we report the netted interest payments under net trading income.

# Accounting and Valuation (Continued)

### 23 Financial liabilities at FVTPL
HVB Group designated certain liabilities as financial instruments to be measured at fair value through profit and loss (fair value option) upon initial recognition. In this context, financial instruments issued are designated on the basis of fair value-based management of the portfolios concerned.

Financial liabilities at fair value through profit or loss are disclosed upon initial recognition at their fair value without any transaction costs. Upon subsequent measurement, changes in fair value with the exception of the own credit spread are recognised through profit or loss in the item “Net gains/losses on financial assets and liabilities at fair value”. If part of the change in fair value is attributable to changes in own credit spread, this partial amount is corrected again in the consolidated income statement and then recognised through other comprehensive income. This procedure does not lead to any accounting anomaly in the consolidated income statement.

In equity, the reserve for the own credit spread is shown under “Other reserves”. If there are any changes in the financial liabilities at FVTPL in the course of measurement at fair value on account of the own credit spread, these changes are recognised through other comprehensive income. If this reserve still contains amounts on the date of disposal of the liability, the relevant amounts are not recognised in the consolidated income statement and are generally reclassified to retained earnings.

### 24 Hedge adjustment of hedged items in the portfolio fair value hedge
Changes in the hedged amount of hedged items are carried on an aggregated basis in this hedge adjustment of portfolio fair value hedges to be shown separately (see the Note “Hedge adjustment of hedged items in the portfolio fair value hedge”).

### 25 Other liabilities
Compliant with IAS 37, accruals and other items are shown under other liabilities. These reflect future expenditure of uncertain timing or amount, but the uncertainty is less than for provisions. Accruals are liabilities for goods and services received that have been neither paid for nor invoiced by the supplier, nor formally agreed. This also includes current liabilities to employees, such as flexi-time credits and holiday entitlements. HVB Group carries accruals at the amount likely to be used.

### 26 Provisions
Present legal or constructive obligations as a result of past events involving a probable outflow of resources, and whose amount can be reliably estimated, are recognised as provisions.

When determining provisions for uncertain liabilities and anticipated losses on onerous transactions, the best estimate compliant with IAS 37.36 ff is taken as a basis. Provisions are discounted where the interest effect has a significant impact.

Provisions are generally set aside at the expense of the respective expense items, only provisions for legal risks, provisions for onerous contracts and other similar items falling under the scope of IAS 37 are set aside or revised via the item “Transfers to provisions”.

# Accounting and Valuation (Continued)

In accordance with IAS 19, provisions for pensions and similar obligations arising from defined benefit plans are recorded on the basis of external actuarial reports by applying the projected unit credit method, with each pension plan being valued separately. This accrued benefit method pro-rated on service takes into account dynamic considerations when determining the expected pension benefits upon retirement and distributes these over the beneficiaries' entire period of employment. This means that the measurement of the defined benefit obligation is based on an actuarially calculated present value of the future benefit entitlement for services already rendered (vested benefit entitlements), taking into account the expected compensation increases including career trends and forecast pension progression. The actuarial assumptions to be defined when measuring the benefit obligation vary in line with the economic and other underlying conditions in the country in which the plans exist.

The underlying valuation assumptions may differ from the actual developments as a result of changing market, economic and social conditions. The actuarial gains or losses resulting from the change to the valuation parameters may have a significant impact on the amount of the obligations for pensions and similar post-employment benefits.

The discount rate used to discount the defined benefit obligations (actuarial interest rate) is determined by reference to yields recorded on the market at the reporting date for high quality, fixed-rate corporate bonds and with maturities and currencies that match the obligations to be measured. A basket of AA-rated corporate bonds denominated in euros serves as the data basis for determining the discount rate for the obligations. These individual bond data are translated into a yield curve, which forms the basis for determining the actuarial interest rate, using a numerical adjustment calculation.

Funded pension obligations differ from unfunded pension obligations in that plan assets are allocated to cover the entitlements of the beneficiaries. The beneficiaries include active employees, former employees with vested benefit entitlements, and pensioners and their surviving dependants. Both HVB and a number of subsidiaries have set up plan assets in external, restricted-access pension organisations to fund their pension obligations.

If the beneficiaries' benefit entitlements or the Group's benefit obligations are not funded by assets, HVB Group recognises a pension provision in the amount of the present value of the defined benefit obligation (DBO) in its consolidated balance sheet.

However, if these are funded pension obligations, the present value of the defined benefit obligation is set against the fair value of the plan assets to determine the net defined benefit liability or net defined benefit asset from the defined benefit plans. The net amount is recognised in the consolidated balance sheet as a pension provision in the event of an excess of liabilities over assets or under other assets in the event of an excess of assets over liabilities adjusted for any effects of the asset ceiling. In the event of excess allocations to the plan, the amount of the net defined benefit asset recognised in the balance sheet is limited to the present value of the economic benefits associated with the surplus plan assets.

# Accounting and Valuation (Continued)

In the case of defined benefit obligations, actuarial gains and losses are recognised immediately and in full through other comprehensive income (OCI) in the period in which they accrue. Consequently, the pension provision or other asset recognised in the consolidated balance sheet corresponds to the actual deficit or surplus for a given commitment.

Under the net interest approach, the net interest to be recognised in profit or loss for the period is calculated by multiplying the net defined benefit liability (asset) under defined benefit plans by the discount rate used to measure the defined benefit obligation. Since the net defined benefit liability (asset) is reduced by any plan assets, this calculation method implicitly assumes a return on the plan assets in the amount of the discount rate.

If the present value of a defined benefit obligation changes as a result of a plan amendment or plan curtailment, the Group recognises the ensuing effects in full as past service cost in the profit or loss for the period. The amount is normally recognised at the date when the plan amendment or plan curtailment occurs. Gains and losses resulting from a plan settlement are also recognised directly in profit or loss when the settlement occurs.

The net pension expense of defined benefit obligations consists of a service cost component, a net interest component and a remeasurement component. This is recognised in the consolidated income statement and consolidated statement of total comprehensive income as follows:

The service cost component consists of the current and past service cost including gains and losses on plan settlements. The net interest component comprises the interest expense from the compounding of the defined benefit obligation, interest income on plan assets and, in the event of excess allocations to the plan, interest on any effects arising from the adjustment of the asset surplus to reflect the asset ceiling. The service cost and net interest components are recognised through profit or loss in the consolidated income statement for the period. HVB Group also recognises the net interest component under expenses for pensions and similar employee benefits in payroll costs alongside the service cost component.

The remeasurement component comprises the actuarial gains and losses from the measurement of the defined benefit obligation, the difference between the typical return on plan assets assumed at the beginning of the period in the amount of the discount rate and the actual return generated from plan assets and, in the event of excess allocations to the plan, any adjustment of the asset surplus to reflect the asset ceiling, excluding amounts already recognised in net interest. This component is recognised immediately in shareholders' equity without affecting profit or loss. The remeasurements recognised in other comprehensive income within the consolidated statement of total comprehensive income may not be reclassified in later periods in profit or loss (no recycling).

The disclosure requirements for defined benefit plans contain a principles-based disclosure concept requiring companies to make company-specific judgements about the level of detail required or any emphasis to be placed on disclosures relating to defined benefit plans. The reporting is intended to meet the information needs of the users of the financial statements and give them a wide-ranging understanding of the risk structure and risk management of the pension plans (pension governance).

In contrast to defined benefit plans, no provisions for pensions and similar obligations are recognised for defined contribution plans. The amounts paid are recognised in the period of the payment taken to the income statement under payroll costs.

# Accounting and Valuation (Continued)

The provisions for pensions and similar obligations are described in detail in the Note “Provisions”.

Provisions for partial retirement and similar benefits recognised under other provisions are measured on the basis of external actuarial reports in accordance with IAS 19.

The top-up amounts promised under partial-retirement agreements are accounted for as other long-term employee benefits and the associated expenses accrued over their vesting period. HVB Group applies the first-in first-out (FiFo) method for the straight-line accrual of top-up benefits. The benefits are discounted to determine their present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Other long-term employee benefits also include the deferred employee compensation under the Group’s bonus programmes, unless these are expected to be settled in full within twelve months after the end of the reporting period. The Group has a net liability in the amount of the future benefits to which the employees are entitled in exchange for the work performed in the current and earlier periods. HVB Group recognises a bonus provision in the amount of the present value of these benefits in its consolidated balance sheet, with the promised bonus amounts being allocated on a pro rata basis over the respective vesting period. Remeasurements of the net liability are recognised directly in profit or loss for the period.

The employee compensation schemes are described in detail in the Note “Operating costs”.

### 27 Foreign currency translation

The consolidated financial statements are prepared in euros, which is the reporting currency of the corporate group. Amounts in foreign currency are translated in accordance with the principles set forth in IAS 21. This standard calls for monetary items not denominated in the respective functional currency (generally the local currency in each case) and cash transactions not completed at the valuation date to be translated into euros at the reporting date using current market rates. Non-monetary items carried at fair value are similarly translated into euros using current market prices at the valuation date. Non-monetary items carried at cost are translated using the historic rate applicable at the time of acquisition.

Income and expense items arising from foreign currency translation at the individual Group companies are stated under net trading income in the consolidated income statement.

Where they are not stated in euros, the assets and liabilities reported by our subsidiaries are translated using current market rates at the reporting date in the consolidated financial statements. Average rates are used to translate the income and expenses of these subsidiaries.

Exchange rate differences resulting from the translation of financial statements of international business units are recognised in shareholders’ equity without affecting profit or loss and are only taken to the income statement if the operation is sold in part or in full.

# Accounting and Valuation (Continued)

### 28 Income tax for the period
Income tax for the period is accounted for in accordance with the principles set out in IAS 12. Current taxes are determined taking into account local laws in the respective tax jurisdictions concerned. Apart from a few exceptions allowed for in the standard, deferred tax assets and liabilities are recognised for all temporary differences between the amounts recognised in accordance with IFRS and the amounts recognised for tax-reporting purposes (balance sheet approach). Deferred tax assets arising from unused losses carried forward for tax-reporting purposes are shown where permitted by IAS 12.

Since the concept is based on the presentation of future tax assets and liabilities (liability method), they are calculated using the relevant local tax rates that are expected to apply when the differences are reversed. Deferred tax assets and liabilities are netted provided the offsetting requirements defined in IAS 12 are met.

The use of estimates is important when determining the need for provisions for potential losses from uncertain income tax treatment. The Group measures these potential losses in accordance with IAS 12 “Income Taxes” and IFRIC 23 “Uncertainty Over Income Tax Treatments”. Determining the amount of provisions requires estimates to be extensively made and, ultimately, the final liabilities might differ considerably.

In this case, the calculation of uncertain tax items is based on the best possible estimate of the settlement amount (most probable value). In deviation to this, the valuation is based on the expected value if this serves a more accurate estimate.

### 29 Trading engine centralisation
In the 2023 financial year, the UniCredit corporate group decided to simplify the structure of its trading activities. Previously, the trading activities of the UniCredit corporate group were bundled at HVB. Starting in the second half of 2024, these were and are being gradually transferred to the parent company, UniCredit S.p.A. With the aim of ensuring an orderly transfer during the centralisation process, trading activities in HVB were divided into various tranches so that these could be transferred one after the other. The transfers and compensation payments are made at the underlying fair values of the respective transactions at the time of transfer. The selling price, which also relates to future transactions, will be recognised in profit or loss after the successful completion of all the tranches.

In an initial tranche, bond and interest rate derivative transactions were transferred to UniCredit S.p.A. as of July 2024. The initial tranche comprised derivative financial instruments with net positive market values of €2.7 billion. In addition, bonds and fixed-income securities in the held-for-trading portfolio with market values of €4.9 billion were transferred on the assets side and with market values of €2.4 billion on the liabilities side. The countervalues were thus offset through payments without affecting profit or loss. At the same time, the entrusted employees were transferred from the Trading area to UniCredit S.p.A. In order to transfer risks from the portfolio of allocated customer and hedging derivatives, back-to-back new derivatives were concluded with UniCredit S.p.A. and novations agreed with external counterparties. In future, external hedging will be carried out centrally at UniCredit S.p.A. on behalf of HVB. Corporates customers will continue to be served by HVB and their transactions will continue to be booked with HVB without any changes. Nor will there be any change in the product range. In a second tranche, the brokerage business of HVB’s Milan branch with non-German customers was transferred in November 2024. At the same time, the brokerage team in Milan was transferred from HVB to UniCredit S.p.A. Both transfers took place on schedule.

The related effects and impact in the reporting year are explained in the respective notes to the balance sheet.

The remaining portfolio will be transferred in stages in the 2025 and 2026 financial years subject to customer approval and the required IT migration.

# Segment Reporting

### 30 Changes in segment reporting

In the first half of 2024, HVB Group made the following adjustment to the segmented income statement: The income component customer margin was reclassified to fees for further products. This was originally allocated to trading profit. This reclassification is now applied for all those products where the customer margin can be fixed through suitable hedging transactions. In addition to the adjustment made in the previous year, this definition now also includes equity derivatives, FX options and a part of the commodity derivatives (known as prepaid forward carbon trades).

Differences between the segmented income statement and the income statement are addressed in the reconciliation. The adjustment already made in the previous year and the change in disclosure in the first half of 2024 relates to the circumstances described above: As the sales margin was only reclassified to net fees and commissions in the segmented income statement for internal management purposes, while net trading income is disclosed unchanged in the income statement, this has resulted in a reconciliation difference of €304 million for the reporting period (previous-year period: €210 million).

In order to continue to fully meet changing customer needs in the future, the way business customers and small to medium-sized corporate customers are served was fundamentally transformed in the second half of 2024. Building on the established relationship models for business customers as well as small and medium corporates (SMC), customers will be served in the micro-business, small cap and mid cap segments based on their demands and needs in future. Smaller corporate customers (small caps) will be individually served by Corporate Customers Digital department or by corporate customer advisors in the regions, depending on customer complexity. Moreover, servicing customers will be carried out in line with a modern, remote-based model. Mid cap customers will continue to be served in the regions ("remote first").

The change made in serving business customers as well as smaller to medium-sized corporate customers did not affect the main KPIs of HVB but it did those of the operating segments. The comparative figures of the previous year were presented in the current structure. This means that for the reporting period, income in the Corporates operating segment increased by €169 million and the costs by €68 million. The Retail operating segment was reported showing the respective declines.

These adjustments were also made for the disclosure of the previous-year figures to ensure comparability between periods. No other significant methodical adjustments were made. The division into HVB Group's operating segments remained unchanged. In segment reporting, the activities of HVB Group continue to be divided into the following operating segments:
– Retail
– Corporates
– Other

Disclosures in segment reporting are based on HVB's internal management. Therefore, income and expenses that are not solely based on external business activities but serve internal management purposes and represent internal allocations and the like may be recognised here. Where such internal income/expenses between the respective segments are recognised in identical items of the segmented income statement, these allocations are netted across all the segments. Any remaining effects from internal allocations are eliminated during consolidation so that only external income/expenses remain as a result in the total segmented income/expenses across all the segments, including consolidation.

Due to rounding, minor deviations can occur when calculating totals and percentages.

# Segment Reporting (Continued)

## 31 Method of segment reporting by operating segment

In segment reporting, the activities of HVB Group are divided into the following operating segments:
– Retail
– Corporates
– Other

Segment reporting is based on the internal organisational and management structure together with internal financial reporting which reflect the perspective of the UniCredit corporate group and thus do not take factors into account that are not relevant for the UniCredit corporate group. In accordance with IFRS 8 Operating Segments, segment reporting thus follows the Management Approach, which requires segment information to be presented externally in the same way as it is reported on a regular basis to the Executive Board, as the responsible management body, and is used for the allocation of resources (such as risk-weighted assets compliant with CRR II) to the operating segments and for assessing profitability. In this context, the profit or loss after tax serves as the relevant result. Segment data are generally determined in accordance with IFRS and adjusted for the factors set out below. Due to rounding, minor deviations can occur when calculating totals and percentages.

In segment reporting, the operating segments operate as autonomous companies with their own equity resources and responsibility for profits and losses. The operating segments are divided according to their responsibility for serving customers. For a description of the customer groups assigned to the individual operating segments and the main components of the segments, please refer to the Note “Components of segment reporting by operating segment”.

The income statement items “Net fees and commissions”, “Net trading income” and “Net other expenses/income” shown in the operating segments are based almost exclusively on transactions involving external customers. Net interest is assigned to the operating segments in accordance with the market interest calculation method on the basis of the external interest income and interest expense. For this reason, a separate presentation broken down by external/internal revenues (operating income) has not been included.

The equity capital allocation used to calculate the return on investment for companies assigned to several operating segments is based on a uniform core capital allocation for each operating segment. This involves allocating 13.0% (previous year: 13.0%) of core capital in relation to risk-weighted assets pursuant to CRR II to the operating segments. The average tied core capital calculated in this way is used to compute the return on investment, which is disclosed under net interest. The percentage used for the return on the equity capital allocated to the companies of HVB Group equals the base rate according to the book of own funds. In addition, a premium for credit risk is charged in the amount of the average spread curve for the medium- and long-term lending business of HVB Group. This rate is set for one year in advance as part of each budgeting process. Equity capital is not standardised for the other companies included in the consolidated financial statements.

Operating costs, which include payroll costs, other administrative expenses as well as amortisation, depreciation and impairment losses on intangible and tangible assets, are allocated to the operating segments according to causation. The Digital & Operations and Corporate Center areas are treated as external service providers, charging the operating segments and business units for their services at a price which covers their costs. The method of calculating the costs of general banking services involves employing a weighted allocation key (consisting of costs, income, FTEs, base amount) for each operating segment to determine the assigned costs that cannot be allocated directly. The scheduled depreciation and impairment losses taken on property, plant and equipment relate in particular to the Bank’s properties included in the Other operating segment.

# Segment Reporting (Continued)

The profit of €2 million (previous year: €2 million) from investments in associates relates to Comtrade Group GmbH, Zug, a company accounted for using the equity method. The profit is disclosed under the item "Dividends and other income from equity investments" in the income statement. In the reporting year, a write-down of €2 million (previous year: write-up of €4 million) was made on the carrying amount of the company accounted for using the equity method, which is reported under net income from investments. The carrying amount of the company accounted for using the equity method totals €17 million (previous year: €17 million).

## 32 Components of segment reporting by operating segment

***Retail operating segment***

The Retail operating segment is subdivided into the Retail and Private business areas. The Retail business area serves retail customers as well as small business customers requiring standardised products and advice in all areas of demand. The Private business area serves wealth management and private banking customers.

The retail customer business provides universal banking services across all sales channels (branch, remote and digital) for discerning customers. The high standard of quality of the extensive and needs-based advisory services is supported by HVB's financial concept. This comprehensive advisory approach is supplemented by the smart banking service model for customers requiring standardised products and services. In the area of small business customers, we offer our customers a full range of services in corporate and private financial and asset issues with customers benefiting even more than before from the modernisation and expansion of our digital offering already embarked upon. In the wealth management & private banking relationship model, very high net worth clients are served by advisors and a network of highly qualified specialists based on a 360-degree advisory approach with the aim of achieving a sustainable increase in the prosperity of our customers and thus maintaining long-term, trusting customer relationships.

In line with the universal bank model, the range of products and services of the Retail operating segment enables us to provide comprehensive customer support. In the Retail business area, this extends from payment services, investment products, mortgage loans, consumer loans, savings-and-loan and insurance products and banking services for retail customers through to short- and long-term business loans for small business customers. In the Private business area, customised portfolio concepts, financing solutions as well as the brokerage of corporate investments are also offered to high net worth private customers with an entrepreneurial background.

***Corporates operating segment***

The Corporates operating segment bundles the corporate banking business. In this context, we position ourselves as a strategic partner with complete and customised solutions for corporate customers. This segment covers the Small & Medium Corporates (SMC) and Large Corporates business areas and serves the entire spectrum of small and medium-sized through to large companies.

In the SMC business area, we maintain regional presence in the market. In doing so, we use differentiated relationship models to target our corporate customers depending on the needs of each customer. This enables resources to be distributed in line with heterogeneous market conditions and thus the earnings potential to be effectively exploited in each region.

Regional relationship management covers tailored financing offers, for example through the use of subsidies as well as solutions for the management of financial risks, in addition to the traditional banking services of payments and lending. Furthermore, the services provided for special target groups are being continuously refined and special advisory services, like in the Capital Markets and M&A business area, are offered for relevant customer groups. The range is rounded off by cooperation partners, for example for insurance or leasing.

# Segment Reporting (Continued)

The Large Corporates business area covers large corporate customers requiring highly complex services who are managed in the Industry Coverage area. The quality of service in this area lies in exploiting our strengths consisting of a wide range of products, in-depth sector know-how and the creation of customised customer solutions. In this way, we assume a leading role as a core bank in our customer relationships. Our range of products and services also includes traditional banking products and the entire product portfolio of Client Solutions, UniCredit's global product factory, and is rounded off with ESG product and advisory solutions.

Furthermore, the customer relationship management of Financial Institutions (FI), the proprietary Private Investor Products business (PIP) as well as activities in our international network are shown within the Large Corporates business area.

In the business with Financial Institutions, selected FI customers are provided with the entire UniCredit platform simply and efficiently and served in dedicated teams for banks, insurances, fund managers and public institutions. In PIP, we offer private investors risk management solutions and investment products through our own or third-party networks. As a rule, the complete range of the Bank's products is available to corporate customers and to financial institutions at HVB's foreign branches.

In detail, the range of products and services of Corporates includes the following products of Client Solutions:

– Advisory & Financing Solutions (A&FS) bundles the business involving advisory services into transactions, capital structure, ESG and rating as well as financing solutions, among other things. Depending on the rating (investment grade / non-investment grade) and business requirements, structured solutions with loans, bonds or asset-based finance can be offered.

– Trading & Correspondent Banking offers a broad array of innovative products in the areas of trade finance and working capital, thus meeting customer needs in connection with transactions in the areas of the optimisation of cash flows and operating resources as well as mainly short-term import and export financing services.

– Client Risk Management is a customer-oriented product area that supports business with UniCredit's corporate and institutional customers as an integral part of the value chain. This product area extends over all asset classes: interest, currencies, commodities and equity derivatives. It offers institutional customers, corporate customers and private investors risk management solutions and investment products through the Group's own or third-party networks.

– Group Payment Solutions offers a wide range of innovative products in the area of cash management, thus meeting customer needs in connection with transactions in the areas of payment services, account information and liquidity management.

# Segment Reporting (Continued)

***Other business area***
The Other business area (Central Functions) combines the remaining areas not directly relating to customers, such as Digital & Operations (CDOO) – after the merger of Operations Germany (COO) and Digital & Information (CDIO) as of 1 January 2024, Corporate Center and Treasury. Furthermore, payments recognised through profit or loss between the individual companies belonging to and consolidated within HVB Group, whose amounts are of minor importance, are also reported under this area.

CDOO manages HVB's entire digital and operational transformation and supports the Bank in achieving its business and corporate goals vis-à-vis customers, employees and stakeholders.

The new structure of CDOO is based on product and process value chains and cross-departmental functions that focus on synergies and optimisations when providing products and services across customer segments. Responsibilities for processes, services, IT applications (from a business perspective) and banking operations as well as for external service providers are bundled vertically along the product value chains. CDOO works jointly with business areas on their respective product strategies.

Product and process value chains cover general banking operations (for example, accounts, customer master data, know your customer (KYC) and payments), lending and finance solutions as well as capital market and investment products, insurance solutions and the respective retained organisation functions for outsourced services (for example, payments and securities settlement). This is supported by a comprehensive strategy aimed at optimising customer service through the seamless integration of digital and physical channels.

Cross-departmental functions create further added value and optimise the provision of products in line with UniCredit's priorities. These include the centre of competence for data and analysis, which is responsible for promoting the data strategy and data products, and the security function, which protects HVB's customers, employees, information and assets against a series of threats, including cyber, physical and fraud threats, and the Bank's property management.

Further focal points are supporting the Bank's transformation processes, ensuring a robust governance structure, cost management, outsourcing and third-party management as well as process management. In addition, CDOO acts as the management unit for ICT investments and is responsible for HVB's ICT compliance. In the fourth quarter, IT demand management and cost management were transferred from CDOO to the Finance organisation. This change did not have any impact at segment level as CDOO and Finance are both assigned to the Other business area. IT application development and IT operations have been outsourced to the parent company and are managed in CDOO through the respective retained organisation.

The Corporate Center includes the CEO (Chief Executive Office), Finance (Chief Financial Officer), CRO (Chief Risk Office), People & Culture business areas as well as other banking activities, consolidated subsidiaries and non-consolidated holdings that are not assigned to any other business area. Furthermore, the Corporate Center incorporates the net income from securities portfolios for which the Executive Board is responsible. It also contains components of profit or loss from decisions taken by the Executive Board with regard to asset/liability management. In addition, the Corporate Center incorporates the Real Estate Restructuring customer portfolio.

# Segment Reporting (Continued)

Treasury, in particular its Medium Long Term (MLT) area, is responsible for funding, interest rate management and cash pooling in the medium- and long-term interest book, while Short Term Funding & IR Management is responsible for liquidity, interest and KPI management over the short term and for collateral trading. The main components of income come from securities portfolios where income is generated through maturity transformation and spread components. Further earnings drivers are short-term interest rate and liquidity management where spreads contribute to profits. Collateral Trading generates both interest and commission income.

***Information on products and services at company level***

The information required by IFRS 8.32 on income from external customers generated from the products and services of HVB Group is contained in the disclosures regarding the income statement in these notes to the consolidated financial statements.

## 33 Income statement, broken down by operating segment

***Income statement, broken down by operating segment for the period from 1 January to 31 December 2024***

| INCOME/EXPENSES (€ millions) | RETAIL | CORPORATES | OTHER | HVB GROUP |
|---|---|---|---|---|
| Net interest | 900 | 1,404 | 290 | 2,594 |
| Dividends and other income from equity investments | — | 2 | 1 | 3 |
| Net fees and commissions | 534 | 1,081 | (41) | 1,574 |
| Net trading income | (7) | 1,162 | 43 | 1,197 |
| Net other expenses/income | 14 | 9 | 72 | 95 |
| **OPERATING INCOME** | **1,442** | **3,656** | **364** | **5,462** |
| Payroll costs | (330) | (487) | (409) | (1,226) |
| Other administrative expenses | (481) | (826) | 388 | (919) |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (5) | (10) | (60) | (75) |
| **Operating costs** | **(816)** | **(1,324)** | **(80)** | **(2,220)** |
| **OPERATING PROFIT/(LOSS)** | **626** | **2,332** | **284** | **3,242** |
| Net write-downs of loans and provisions for guarantees and commitments | 70 | (349) | 5 | (273) |
| **NET OPERATING PROFIT/(LOSS)** | **697** | **1,984** | **289** | **2,969** |
| Provisions for risks and charges | (11) | 1 | — | (9) |
| Restructuring costs | (54) | (82) | (4) | (140) |
| Net income from investments | (12) | (6) | (15) | (33) |
| **PROFIT/(LOSS) BEFORE TAX** | **619** | **1,897** | **270** | **2,787** |
| Income tax for the period | (182) | (606) | (80) | (868) |
| **PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))** | **437** | **1,291** | **191** | **1,918** |
| attributable to the shareholder of UniCredit Bank GmbH | 437 | 1,291 | 191 | 1,918 |
| attributable to minorities | — | — | — | — |

# Segment Reporting (Continued)

***Reconciliation of the segmented income statement to the income statement from 1 January to 31 December 2024***

| INCOME/EXPENSES (€ millions) | INCOME STATEMENT, BROKEN DOWN BY OPERATING SEGMENT | RECLASSI-FICATION | ACCOUNTING AND VALUATION DIFFERENCES | CONSOLIDATED INCOME STATEMENT |
|---|---|---|---|---|
| Net interest | 2,594 | 19 | (3) | 2,608 |
| Reallocation of net interest from specific held-for-trading portfolios | | 33 | — | |
| Compounding of provisions and of provisions for contingent liabilities | | (41) | — | |
| Effect of derecognition of TLTRO III | | — | — | |
| Interest expense for pension provisions | | 2 | — | |
| Reclassification of credit for synthetic placements | | 25 | — | |
| Other effects | | — | (3) | |
| Dividends and other income from equity investments | 3 | 30 | — | 33 |
| Dividends from assets mandatorily at FVTPL | | 30 | — | |
| Net fees and commissions | 1,574 | (377) | 8 | 1,206 |
| Expense for purchased securities services for held-for-trading portfolios | | 42 | — | |
| Share of commission from the placement of securities and derivatives | | (90) | — | |
| Imputed sales margin for derivatives and FX spot transactions | | (304) | — | |
| Retrospective intragroup sale of Structured Invest Société Anonyme | | — | 8 | |
| Reclassification of credit guarantees for synthetic placements | | (25) | — | |
| Net trading income | 1,197 | 207 | — | 1,405 |
| Financial assets mandatorily at FVTPL | | (14) | — | |
| Financial liabilities designated at FVTPL | | (124) | — | |
| Net gains/(losses) on the sale of securities (held-for-sale business model) | | (20) | — | |
| Hedge accounting effects | | 118 | — | |
| Fair value measurement of equity instruments | | (68) | — | |
| Buy-backs of securities issued – recognised at cost | | (9) | — | |
| Net gains/(losses) on the sale of performing securities (hold-to-maturity business model) | | (7) | — | |
| Dividends from assets mandatorily at FVTPL | | (30) | — | |
| Reallocation of net interest from specific held-for-trading portfolios | | (33) | — | |
| Share of commission from the placement of securities and derivatives | | 90 | — | |
| Net gains/(losses) on the sale of non-performing securities (hold-to-maturity business model) | | — | — | |
| Imputed sales margin for derivatives and FX spot transactions | | 304 | — | |
| Net gains/(losses) on financial assets and liabilities at fair value | n/a | 108 | — | 107 |
| Financial assets mandatorily at FVTPL | | 14 | — | |
| Financial liabilities designated at FVTPL | | 124 | — | |
| Net gains/(losses) on the sale of securities (held-for-sale business model) | | 20 | — | |
| Hedge accounting effects | | (118) | — | |
| Fair value measurement of equity instruments | | 68 | — | |
| Net gains/(losses) on non-consolidated subsidiaries mandatorily at FVTPL | | — | — | |
| Net gains/(losses) on derecognition of financial instruments measured at cost | n/a | 8 | — | 8 |
| Net gains/(losses) on the sale of performing loans and receivables, and securities (hold-to-maturity business model) | | (1) | — | |
| Effect of derecognition of TLTRO III | | — | — | |
| Buy-backs of securities issued – recognised at cost | | 9 | — | |
| Net other expenses/income | 95 | (9) | 14 | 101 |
| Net gains/(losses) on the sale of performing loans and receivables (hold-to-maturity business model) | | 8 | — | |
| Net gains/(losses) on the valuation/disposal of investment properties | | (12) | — | |
| Net gains/(losses) on the valuation of inventories | | (10) | — | |
| European bank levy | | — | — | |
| Adjustment of managerial scope of consolidation | | — | 14 | |
| Other effects | | 5 | — | |
| **OPERATING INCOME** | **5,462** | **(14)** | **19** | **5,468** |
| Payroll costs | (1,226) | 1 | (1) | (1,225) |
| Adjustment of managerial scope of consolidation | | — | — | |
| Retrospective intragroup sale of Structured Invest Société Anonyme | | — | (1) | |

# Segment Reporting (Continued)

| INCOME/EXPENSES (€ millions) | INCOME STATEMENT, BROKEN DOWN BY OPERATING SEGMENT | RECLASSI-FICATION | ACCOUNTING AND VALUATION DIFFERENCES | CONSOLIDATED INCOME STATEMENT |
|---|---|---|---|---|
| Interest expense for pension provisions | | (2) | — | |
| Compounding of provisions | | 3 | — | |
| Other administrative expenses | (919) | (72) | (14) | (1,006) |
| Adjustment of managerial scope of consolidation | | — | (13) | |
| Retrospective intragroup sale of Structured Invest Société Anonyme | | — | (1) | |
| Deposit guarantee scheme | | (28) | — | |
| Compounding of provisions | | 3 | — | |
| Expense for purchased securities services for held-for-trading portfolios | | (42) | — | |
| Depreciation on leasehold improvements in buildings | | 3 | — | |
| Other effects | | (8) | — | |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (75) | (10) | (1) | (87) |
| Depreciation on leasehold improvements in buildings | | (3) | — | |
| Net write-ups and write-downs on land and buildings | | (7) | — | |
| Other effects | | — | (1) | |
| **Operating costs** | **(2,220)** | **(81)** | **(16)** | **(2,318)** |
| **OPERATING PROFIT/(LOSS)** | **3,242** | **(95)** | **3** | **3,150** |
| Net write-downs of loans and provisions for guarantees and commitments | (273) | 2 | — | (270) |
| Impairments/writebacks of securities at cost and at FVTOCI | | (3) | — | |
| Net gains/(losses) on the sale of non-performing securities (hold-to-maturity business model) | | — | — | |
| Compounding of provisions for contingent liabilities | | 1 | — | |
| Valuation allowances relating to group-affiliated companies in Russia | | — | — | |
| Other effects | | 4 | — | |
| **NET OPERATING PROFIT/(LOSS)** | **2,969** | **(93)** | **3** | **2,880** |
| Provisions for risks and charges | (9) | 36 | — | 27 |
| European bank levy and deposit guarantee scheme | | 28 | — | |
| Compounding of provisions | | 8 | — | |
| Irrevocable payment commitments provided for bank levy and deposit guarantee scheme recognised as an expense | | — | — | |
| Restructuring costs | (140) | 26 | — | (114) |
| Compounding of provisions | | 26 | — | |
| Net income from investments | (33) | 34 | — | n/a |
| Impairments/writebacks of securities at cost and at FVTOCI | | 3 | — | |
| Net gains/(losses) on the valuation/disposal of investment properties | | 12 | — | |
| Net gains/(losses) on the valuation of inventories | | 10 | — | |
| Net gains/(losses) on remeasurement of consolidated companies | | 3 | — | |
| Net gains/(losses) on non-consolidated subsidiaries mandatorily at FVTPL | | — | — | |
| Unscheduled write-ups and write-downs on land and buildings | | 7 | — | |
| Other effects | | (1) | — | |
| Net gains/(losses) on remeasurement of consolidated companies | n/a | (3) | — | (3) |
| **PROFIT/(LOSS) BEFORE TAX** | **2,787** | **—** | **3** | **2,790** |
| Income tax for the period | (868) | — | (1) | (870) |
| Tax on valuation allowances relating to group-affiliated companies in Russia | | — | — | |
| Retrospective intragroup sale of Structured Invest Société Anonyme | | — | (1) | |
| Differences arising from the adjustment of the estimated deferred taxes between UniCredit and HVB | | — | — | |
| Other effects | | — | — | |
| **PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))** | **1,918** | **—** | **2** | **1,920** |
| attributable to the shareholder of UniCredit Bank GmbH | 1,918 | — | 2 | 1,920 |
| attributable to minorities | | — | — | — |

# Segment Reporting (Continued)

***Income statement, broken down by operating segment for the period from 1 January to 31 December 2023***

| INCOME/EXPENSES (€ millions) | RETAIL | CORPORATES | OTHER | HVB GROUP |
|---|---|---|---|---|
| Net interest | 945 | 1,518 | 227 | 2,689 |
| Dividends and other income from equity investments | 1 | 2 | — | 3 |
| Net fees and commissions | 489 | 1,059 | (21) | 1,527 |
| Net trading income | (40) | 1,131 | 73 | 1,164 |
| Net other expenses/income | 11 | (1) | 24 | 34 |
| **OPERATING INCOME** | **1,405** | **3,709** | **303** | **5,417** |
| Payroll costs | (345) | (546) | (450) | (1,341) |
| Other administrative expenses | (539) | (867) | 441 | (965) |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (8) | (13) | (74) | (95) |
| **Operating costs** | **(891)** | **(1,426)** | **(83)** | **(2,400)** |
| **OPERATING PROFIT/(LOSS)** | **514** | **2,283** | **220** | **3,017** |
| Net write-downs of loans and provisions for guarantees and commitments | (80) | (86) | (17) | (183) |
| **NET OPERATING PROFIT/(LOSS)** | **434** | **2,197** | **203** | **2,835** |
| Provisions for risks and charges | (21) | (180) | 9 | (192) |
| Restructuring costs | (146) | (174) | (15) | (335) |
| Net income from investments | (84) | 6 | (111) | (188) |
| **PROFIT/(LOSS) BEFORE TAX** | **183** | **1,849** | **87** | **2,119** |
| Income tax for the period | (28) | (377) | 3 | (402) |
| **PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))** | **155** | **1,472** | **91** | **1,718** |
| attributable to the shareholder of UniCredit Bank GmbH | 155 | 1,472 | 90 | 1,717 |
| attributable to minorities | — | — | 1 | 1 |

# Segment Reporting (Continued)

***Development of the Retail operating segment***

| INCOME/EXPENSES (€ millions) | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| Net interest | 900 | 945 |
| Dividends and other income from equity investments | — | 1 |
| Net fees and commissions | 534 | 489 |
| Net trading income | (7) | (40) |
| Net other expenses/income | 14 | 11 |
| **OPERATING INCOME** | **1,442** | **1,405** |
| Payroll costs | (330) | (345) |
| Other administrative expenses | (481) | (539) |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (5) | (8) |
| **Operating costs** | **(816)** | **(891)** |
| **OPERATING PROFIT/(LOSS)** | **626** | **514** |
| Net write-downs of loans and provisions for guarantees and commitments | 70 | (80) |
| **NET OPERATING PROFIT/(LOSS)** | **697** | **434** |
| Provisions for risks and charges | (11) | (21) |
| Restructuring costs | (54) | (146) |
| Net income from investments | (12) | (84) |
| **PROFIT/(LOSS) BEFORE TAX** | **619** | **183** |
| Income tax for the period | (182) | (28) |
| **PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))** | **437** | **155** |
| attributable to the shareholder of UniCredit Bank GmbH | 437 | 155 |
| attributable to minorities | — | — |
| | | |
| Cost-income ratio in % (ratio of operating costs to operating income) | 56.6 | 63.4 |

In 2024, the Retail operating segment generated operating profit (before net write-downs of loans and provisions for guarantees and commitments) of €626 million and is thus a significant €112 million higher (up 21.8%) than in the previous-year period.

At €1,442 million, operating income was moderately higher than the previous year's level of €1,405 million. Net interest contained within operating income totalled €900 million, which is a moderate €45 million lower (down 4.8%) than the amount of €945 million recognised in the previous-year period. Despite a challenging environment, the net interest generated in lending activities amounted to 261 million and thus remained virtually unchanged at the previous year's level of €264 million. By contrast, there was a moderate decline from €615 million to €589 million in the net interest from deposit-taking operations against the backdrop of the changing market environment.

Compared with the previous-year period, net fees and commissions were up noticeably by €45 million to €534 million. This increase was due to a noticeable rise in income from the securities business (up 10.6%), a noticeable increase in the insurance business (up 14.3%) and a significant rise in income from financing and advisory (up 58.1%).

There was a significant increase of €33 million to minus €7 million in net trading income.

Net other expenses/income reports income of €14 million for the reporting period and has thus increased a significant €3 million compared with the previous-year period.

# Segment Reporting (Continued)

Compared with the previous-year period, operating costs fell noticeably by €75 million (down 8.4%) to €816 million in the reporting period. This is due to lower payroll costs that decreased a moderate €15 million (down 4.3%) to €330 million compared with the previous-year period and to other administrative expenses that declined noticeably by €58 million (down 10.8%) to €481 million compared with the previous-year period on the back of lower expenses for charged back-office activities.

The cost-income ratio improved to 56.6% in the reporting period compared with 63.4% in the previous-year period.

The item "Net write-downs of loans and provisions for guarantees and commitments" shows a net reversal of €70 million in the reporting period compared with a net addition of €80 million in the previous-year period. In the reporting period, additions to specific loan loss allowances were partly offset by net reversals of general loan loss allowances on the loan portfolio.

At €697 million, net operating profit was a significant €263 million higher than the profit of €434 million generated in the previous-year period.

There was a net expense of €11 million from provisions for risks and charges in the reporting period compared with €21 million in the previous-year period.

In the reporting period, restructuring costs were down by €92 million from a net addition of €146 million in the previous-year period to €54 million in the reporting period. The decline is attributable to expenses for adjustments made to existing IT activities/other service areas.

Net income from investments reports a negative result of €12 million in the reporting period (previous-year period: a negative result of €84 million.

Overall, the Retail operating segment generated profit before tax of €619 million in the reporting period, which is significantly higher than the profit of €183 million generated in the previous-year period. The increase in operating income coupled with the noticeable decrease in operating costs, positive net write-downs for loans and provisions for guarantees and commitments due to net reversals, significant declines in expenses for provisions and in restructuring costs and the significantly better net income from investments contributed to this improvement in profit before tax.

In the reporting period, the expense incurred for income tax for the period comes to €182 million, which reflects a significant increase on the expense of €28 million recognised in the previous-year period. This is attributable to the significant increase in profit before tax.

The Retail operating segment reports a profit after tax of €437 million for 2024, which is significantly higher than the comparative figure of €155 million reported in the previous-year period. At 33.2%, the RoAC is significantly higher than the respective figure of 10.1% reported in the previous-year period.

# Segment Reporting (Continued)

***Development of the Corporates operating segment***

| INCOME/EXPENSES (€ millions) | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| Net interest | 1,404 | 1,518 |
| Dividends and other income from equity investments | 2 | 2 |
| Net fees and commissions | 1,081 | 1,059 |
| Net trading income | 1,162 | 1,131 |
| Net other expenses/income | 9 | (1) |
| **OPERATING INCOME** | **3,656** | **3,709** |
| Payroll costs | (487) | (546) |
| Other administrative expenses | (826) | (867) |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (10) | (13) |
| **Operating costs** | **(1,324)** | **(1,426)** |
| **OPERATING PROFIT/(LOSS)** | **2,332** | **2,283** |
| Net write-downs of loans and provisions for guarantees and commitments | (349) | (86) |
| **NET OPERATING PROFIT/(LOSS)** | **1,984** | **2,197** |
| Provisions for risks and charges | 1 | (180) |
| Restructuring costs | (82) | (174) |
| Net income from investments | (6) | 6 |
| **PROFIT/(LOSS) BEFORE TAX** | **1,897** | **1,849** |
| Income tax for the period | (606) | (377) |
| **PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))** | **1,291** | **1,472** |
| attributable to the shareholder of UniCredit Bank GmbH | 1,291 | 1,472 |
| attributable to minorities | — | — |
| | | |
| Cost-income ratio in % (ratio of operating costs to operating income) | 36.2 | 38.4 |

In the 2024 financial year, the Corporates operating segment generated operating profit (before net write-downs of loans and provisions for guarantees and commitments) of €2,332 million which, up by €49 million or 2.1%, thus remained virtually unchanged compared with the previous-year period.

At €3,656 million, operating income, which declined by €53 million (down 1.4%), remained virtually unchanged compared with the previous year's level of €3,709 million. Net interest contained within operating income decreased moderately by €114 million to €1,404 million compared with the previous-year period. This result was driven primarily by the negative impact of a change in customer behaviour in the deposit-taking business and indicates a shift towards deposits with higher customer interest.

The item "Dividends and other income from equity investments" totalled €2 million and is thus unchanged compared with the previous-year period.

In the reporting period, net fees and commissions increased by €22 million (up 2.1%) to €1,081 million (previous-year period: €1,059 million), and thus remained virtually unchanged compared with the previous-year period. This development is primarily attributable to higher income from lending activities and guarantees.

There was a moderate rise of €31 million to €1,162 million in net trading income compared with the previous-year period. This was mainly due to income from strong business in the equity products trading area.

# Segment Reporting (Continued)

Net other expenses/income reports a result of €9 million, which is thus significantly higher than the figure of minus €1 million in the previous-year period. A significant individual item in this connection was higher losses on disposals in the secondary market in 2023.

At €1,324 million in the reporting period, operating costs are €102 million or 7.2% lower than the €1,426 million recorded for the previous-year period. Due to lower staffing levels, payroll costs declined noticeably by €59 million (down 10.8%) to €487 million. At €826 million, other administrative expenses decreased by €41 million (down 4.7%) compared with the €867 million in the previous-year period, mainly due to lower expenses for IT services. At €10 million, depreciation and amortisation declined significantly by €3 million (down 23.1%) compared with the previous-year period.

Due to the decline in costs, the cost-income ratio improved to 36.2% in the 2024 financial year after 38.4% in the previous-year period.

With a net addition of €349 million, the item “net write-downs of loans and provisions for guarantees and commitments" deteriorated significantly by €263 million compared with the net addition of €86 million in the previous-year period. In the reporting period, high additions to specific loan loss allowances had a negative impact on net write-downs of loans and provisions for guarantees and commitments.

Net operating profit/loss recognised in the 2024 financial year reports a profit of €1,984 million, which is noticeably lower by €213 million than the profit of €2,197 million reported for the previous-year period.

There were net reversals of provisions for risks and charges of €1 million in the reporting period after additions of €180 million in the previous-year period. This decline is largely due to the elimination of payments to the SRF (European bank levy) in 2024.

Restructuring costs fell significantly by €92 million from €174 million in the previous-year period to €82 million in the reporting period. This decline is due to expenses for adjustments to existing IT activities/other service areas in the previous-year period.

Net income from investments reports a negative result of €6 million in the reporting period (previous-year period: positive result of €6 million).

Overall, the Corporates operating segment generated profit before tax of €1,897 million in the 2024 financial year, which is thus a moderate increase on the previous year’s profit of €1,849 million. The reasons for this were lower costs, significantly lower amounts for provisions and significantly lower restructuring costs. As a result, the decline in income and the very significant rise in net write-downs for loans and provisions for guarantees and commitments were more than compensated for.

The expense for income tax for the period came to €606 million in the reporting period and –due to positive tax effects in 2023 – is significantly higher than the expense of €377 million in the previous-year period.

The Corporates operating segment reports profit after tax of €1,291 million for the 2024 financial year, which is noticeably lower than the profit of €1,472 million recognised in the previous-year period. At 16.9%, the RoAC is moderately lower than the respective figure of 17.6% in the previous-year period.

# Segment Reporting (Continued)

***Development of the Other operating segment***

| INCOME/EXPENSES (€ millions) | 1/1-31/12/2024 | 1/1-31/12/2023 |
|---|---|---|
| Net interest | 290 | 227 |
| Dividends and other income from equity investments | 1 | — |
| Net fees and commissions | (41) | (21) |
| Net trading income | 43 | 73 |
| Net other expenses/income | 72 | 24 |
| **OPERATING INCOME** | **364** | **303** |
| Payroll costs | (409) | (450) |
| Other administrative expenses | 388 | 441 |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (60) | (74) |
| **Operating costs** | **(80)** | **(83)** |
| **OPERATING PROFIT/(LOSS)** | **284** | **220** |
| Net write-downs of loans and provisions for guarantees and commitments | 5 | (17) |
| **NET OPERATING PROFIT/(LOSS)** | **289** | **203** |
| Provisions for risks and charges | — | 9 |
| Restructuring costs | (4) | (15) |
| Net income from investments | (15) | (111) |
| **PROFIT/(LOSS) BEFORE TAX** | **270** | **87** |
| Income tax for the period | (80) | 3 |
| **PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))** | **191** | **91** |
| attributable to the shareholder of UniCredit Bank GmbH | 191 | 90 |
| attributable to minorities | — | 1 |
| | | |
| Cost-income ratio in % (ratio of operating costs to operating income) | 22.0 | 27.4 |

In the 2024 financial year, the Other operating segment generated operating profit (before net write-downs of loans and provisions for guarantees and commitments) of €284 million and is thus a significant €64 million higher (up 29.1%) than in the previous-year period.

At €364 million, there was a significant increase of €61 million in operating income compared with the previous year's level of €303 million. Net interest in the amount of €290 million in the reporting period rose significantly by €63 million compared with €227 million in the previous-year period. This rise is largely driven by the positive development of €45 million in the Bank's asset/liability management and the increase of €28 million in the Treasury area.

At minus €41 million, net fees and commissions fell significantly by €20 million compared with the previous-year period. This decline is mainly due to the negative development of €16 million in the Bank's Treasury area.

At €43 million, net trading income declined significantly by €30 million compared with the previous-year period. This decline is largely driven by the negative development of €28 million in the Bank's Treasury area.

Net other expenses/income come to €72 million after €24 million in the previous-year period. This is primarily attributable to reversals of provisions for cross-border leases in the amount of €12 million and for legal claims in the amount of €8 million.

# Segment Reporting (Continued)

At €80 million, operating costs are moderately lower by €3 million compared with the €83 million in the previous-year period. This is primarily due to lower payroll costs, which fell by €41 million from €450 million in the previous-year period to €409 million in the reporting period.

In the reporting period, there was a significant improvement to 22.0% in the cost-income ratio after 27.4% in the previous-year period.

The item “Net write-downs of loans and provisions for guarantees and commitments” reports a net reversal of €5 million compared with a net addition of €17 million in the previous-year period.

In the reporting period, net operating profit totals €289 million, which is a significant €86 million increase on the figure of €203 million in the previous-year period.

In the reporting period, there was a net amount of €0 million from provisions for risks and charges after income of €9 million in the previous-year period.

Restructuring costs total €4 million in the reporting period compared with costs of €15 million in the previous-year period.

Net income from investments posts a significant increase of €96 million with an expense of €15 million in the reporting period compared with net income from investments in the previous-year period with an expense of €111 million. This development is largely due to the results from the fair value measurements of properties.

Overall, the Other operating segment reported a profit before tax of €270 million in the reporting period and was thus significantly higher than the profit of €87 million in the previous-year period. The reasons for this are the significant increase in operating income and the significant improvement in net income from investments.

In the reporting period, an expense of €80 million was incurred for income tax for the period compared with income of €3 million in the previous-year period. This development is mainly due to higher tax refunds in the previous-year period.

The Other operating segment reports profit after tax of €191 million for the reporting period, which is significantly higher than the comparative figure of €91 million in the previous-year period. At 24.7%, the RoAC is higher than the respective figure of 6.3% in the previous-year period. The main reason for this development was the significant improvement in net income from investments due to higher property valuations and the significant rise in operating income.

# Segment Reporting (Continued)

## 34 Balance sheet figures, broken down by operating segment

| € millions | RETAIL | CORPORATES | OTHER | HVB GROUP[2] |
|---|---|---|---|---|
| **Loans and receivables with customers (at cost)[1]** | | | | |
| 31/12/2024 | 31,953 | 93,284 | 2,288 | 127,525 |
| 31/12/2023 | 32,043 | 92,548 | 1,556 | 126,147 |
| **Deposits from customers** | | | | |
| 31/12/2024 | 58,402 | 72,599 | 11,389 | 142,391 |
| 31/12/2023 | 62,405 | 68,071 | 8,807 | 139,283 |
| **Risk-weighted assets compliant with Basel III (including equivalents for market risk and operational risk)** | | | | |
| 31/12/2024 | 9,366 | 53,174 | 2,450 | 64,989 |
| 31/12/2023 | 9,949 | 56,625 | 2,899 | 69,473 |

1 "Loans and receivables with customers (at cost)" do not contain any securities holdings for internal management purposes.
2 Balance sheet figures of non-current assets or disposal groups held for sale are shown separately in the Notes "Non-current assets or disposal groups held for sale" and "Liabilities of disposal groups held for sale".

## 35 Employees, broken down by operating segment

| Number of employees converted to full-time equivalents (FTE) | 31/12/2024 | 31/12/2023 |
|---|---|---|
| Retail | 3,016 | 3,458 |
| Corporates | 2,645 | 2,745 |
| Other | 3,391 | 3,417 |
| **Total** | **9,052** | **9,620** |

# Segment Reporting (Continued)

## 36 Segment reporting by region

The allocation of amounts to regions is based on the head office of the Group companies or offices involved.

### *Income statement, broken down by region*

| € millions | 2024 | | 2023 | |
|---|---|---|---|---|
| | OPERATING INCOME | OPERATING PROFIT/(LOSS) | OPERATING INCOME | OPERATING PROFIT/(LOSS) |
| Germany | 4,582 | 2,442 | 4,874 | 2,144 |
| Italy | 824 | 551 | 369 | 236 |
| Luxembourg | 5 | (2) | (13) | (25) |
| United Kingdom | 3 | 77 | 4 | 40 |
| Rest of Europe | 5 | 21 | 5 | 112 |
| Americas | 113 | 88 | 113 | 89 |
| Asia | 1 | (1) | 5 | 6 |
| Consolidation | (65) | (26) | (248) | (22) |
| **HVB Group** | **5,468** | **3,150** | **5,109** | **2,580** |

### *Total assets, broken down by region*

| € millions | 2024 | 2023 |
|---|---|---|
| Germany | 299,386 | 308,053 |
| Italy | 7,268 | 22,716 |
| Luxembourg | 373 | 470 |
| United Kingdom | 97 | 121 |
| Rest of Europe | 7,966 | 8,117 |
| Americas | 4,000 | 3,686 |
| Asia | 18 | 30 |
| Consolidation | (28,878) | (59,901) |
| **HVB Group** | **290,230** | **283,292** |

### *Property, plant and equipment, broken down by region*

| € millions | 2024 | 2023 |
|---|---|---|
| Germany | 1,843 | 1,961 |
| Italy | 18 | 27 |
| Luxembourg | — | 45 |
| United Kingdom | 17 | 1 |
| Rest of Europe | — | — |
| Americas | 11 | 13 |
| Asia | 3 | 3 |
| Consolidation | — | — |
| **HVB Group** | **1,892** | **2,050** |

# Segment Reporting (Continued)

### *Investment properties, broken down by region*

| **€ millions** | **2024** | **2023** |
|---|---|---|
| Germany | 179 | 193 |
| Italy | — | — |
| Luxembourg | — | 61 |
| United Kingdom | — | — |
| Rest of Europe | — | — |
| Americas | — | — |
| Asia | — | — |
| Consolidation | — | — |
| **HVB Group** | **179** | **254** |

### *Employees, broken down by region*

| **Number of employees converted to full-time equivalents (FTE)** | **2024** | **2023** |
|---|---|---|
| Germany | 8,221 | 8,958 |
| Italy | 264 | 342 |
| Luxembourg | — | 13 |
| United Kingdom | 63 | 87 |
| Rest of Europe | 394 | 101 |
| Africa | — | — |
| Americas | 77 | 81 |
| Asia | 33 | 39 |
| **HVB Group** | **9,052** | **9,620** |

# Notes to the Income Statement

## 37 Net interest

| € millions | 2024 | 2023 |
|---|---|---|
| Interest income | 8,959 | 8,663 |
| from financial assets at cost | 7,511 | 7,076 |
| from financial assets at FVTOCI | 317 | 127 |
| from financial assets at FVTPL and hedging derivatives | 404 | 446 |
| from financial assets held for trading | 682 | 968 |
| other interest income | 45 | 46 |
| Negative interest on financial assets | (4) | (4) |
| Interest expense | (6,349) | (5,925) |
| from financial liabilities at cost | (4,436) | (3,843) |
| of which from lease liabilities | (1) | (2) |
| from financial liabilities at FVTPL and hedging derivatives | (1,044) | (1,045) |
| from financial liabilities held for trading | (791) | (983) |
| other interest expense | (78) | (54) |
| Negative interest on financial liabilities | 2 | 5 |
| **Net interest** | **2,608** | **2,739** |

In the reporting period, HVB Group generated €78 million (previous-year period: €57 million) in interest income on impaired financial assets that are valued at cost.

In the reporting period, net interest came to €2,608 million compared with €2,739 million in the previous-year period and is thus a moderate €131 million lower (down 4.8%) on the previous-year figure. This development was primarily characterised by a reduction in net interest in the deposit-taking business against the backdrop of the changing market environment and a change in customer behaviour. In addition, there was an increase in refinancing costs for trading activities within the Corporates operating segment. A positive counter-effect can be seen in net trading income. Higher interest income from an increase in holdings of bonds and other fixed-interest securities had a partially offsetting effect.

In the reporting period, other interest expense includes effects from the compounding of interest on provisions totalling €41 million (previous-year period: €44 million).

***Net interest attributable to related parties***

The item "Net interest" includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | (370) | (152) |
| of which: | | |
| UniCredit S.p.A. | (372) | (186) |
| sister companies | (5) | 34 |
| subsidiaries | 7 | — |
| Joint ventures | — | — |
| Associates | 2 | — |
| Other investees | 7 | 6 |
| **Total** | **(361)** | **(146)** |

# Notes to the Income Statement (Continued)

## 38 Dividends and other income from equity investments

| € millions | 2024 | 2023 |
|---|---|---|
| Dividends and other similar income | 31 | 28 |
| Companies accounted for using the equity method | 2 | 2 |
| **Total** | **33** | **30** |

## 39 Net fees and commissions

| € millions | 2024 | 2023 |
|---|---|---|
| Fee and commission income | 1,585 | 1,572 |
| Securities services for customers | 738 | 767 |
| Payment transactions | 321 | 322 |
| Lending business | 205 | 181 |
| Guarantees | 162 | 151 |
| Distribution of third-party products | 111 | 98 |
| Other commission income | 48 | 53 |
| Fee and commission expense | (379) | (407) |
| Securities services for customers | (193) | (253) |
| Payment transactions | (83) | (79) |
| Lending business | (2) | (9) |
| Guarantees | (37) | (13) |
| Distribution of third-party products | — | — |
| Other commission expense | (64) | (53) |
| **Net fees and commissions** | **1,206** | **1,165** |

Net fees and commissions include fee and commission income of €39 million (previous-year period: €45 million) and fee and commission expense of €0 million (previous-year period: €0 million) that relate to financial instruments not measured at fair value through profit or loss.

The fee and commission income reported under this item largely consists of income from contracts with customers (IFRS 15). Fee and commission income and fee and commission expense charged for individual services are recognised as soon as the service has been provided. In particular, this includes fees for processing securities transactions, payment services, commission in the lending business that is not similar in nature to interest and is not charged pro rata temporis as well as fee and commission income for the brokerage of third-party products. In contrast, deferred income is recognised for fees and commissions relating to a specific period. In particular, this includes account management fees, guarantee commissions and commission in the lending business that are charged pro rata temporis.

The agreed fees relate to the respective group of banking services. It is not necessary to divide the agreed fees between various service obligations that differ in nature. If fees for a package of services are agreed, this is customary in the sector and results in comparable fee and commission income. For example, an account management fee can also include the provision of payment services when using the account. Income from both services represents fee and commission income from payments.

# Notes to the Income Statement (Continued)

***Net fees and commissions from related parties***

The item "Net fees and commissions" includes the following amounts attributable to related parties:

| **€ millions** | **2024** | **2023** |
|---|---|---|
| Non-consolidated affiliates | (22) | (85) |
| of which: | | |
| UniCredit S.p.A. | (20) | (60) |
| sister companies | (3) | (25) |
| subsidiaries | 1 | — |
| Joint ventures | — | — |
| Associates | — | — |
| Other investees | 1 | 1 |
| **Total** | **(21)** | **(84)** |

## 40 Net trading income

Net trading income totals €1,405 million in the reporting period (previous-year period: €1,564 million).

In particular, income from strong business in the area of equity products and stable contributions from the area of fixed income, currencies and commodities had an effect here. Trading activities in interest rate risk management and the related profit and loss components were transferred to UniCredit S.p.A. Key factors driving total income were a generally stable, high level of market interest rates that fell slightly in the second half of the year coupled with a corresponding countereffect in net interest.

Net trading income includes valuation discounts in the context of the fair value measurement of derivatives, particularly credit value adjustments and funding value adjustments. The increase in valuation discounts in connection with the fair value measurement had a negative impact and resulted in losses of €10 million. In the previous-year period, income of €35 million was generated.

# Notes to the Income Statement (Continued)

## 41 Net gains/losses on financial assets and liabilities at fair value

| € millions | 2024 | 2023 |
|---|---|---|
| Financial assets mandatorily at FVTPL | 14 | 15 |
| Financial liabilities designated at FVTPL | 124 | 49 |
| Derecognition from other comprehensive income | 19 | 1 |
| Hedge accounting effects | (118) | (202) |
| Fair value equity | 68 | 20 |
| **Total** | **107** | **(117)** |

The following table shows the hedge accounting effects:

| € millions | 2024 | 2023 |
|---|---|---|
| Fair value hedges | (118) | (202) |
| Changes in fair value of hedged items | (185) | (1,367) |
| Portfolio fair value hedges | (375) | (1,722) |
| Micro fair value hedges | 190 | 355 |
| Changes in fair value of hedging instruments | 67 | 1,165 |
| Portfolio fair value hedges | 262 | 1,527 |
| Micro fair value hedges | (195) | (362) |
| Cash flow hedges | — | — |
| Net gains/(losses) on cash flow hedges (only ineffective part) | — | — |
| **Total** | **(118)** | **(202)** |

The hedge accounting effects of the main hedge accounting approaches of HVB Group are shown below:

Hedge effectiveness is measured prospectively based on sensitivity as well as retrospectively using dollar offset or regression analysis. Sources of ineffectiveness are management within a range of 80%/125%, lack of a 1:1 ratio between the hedged item and the hedging transaction as well as discounting differences between the hedged item and hedging transactions.

# Notes to the Income Statement (Continued)

### *Micro fair value hedge for holdings at FVTOCI*

| € millions | REMAINING TERM | | | CUMULATIVE AMOUNT OF THE HEDGE-RELATED ADJUSTMENT TO THE FAIR VALUE INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED ITEM RECOGNISED IN THE BALANCE SHEET | | CARRYING AMOUNTS | | CHANGE IN FAIR VALUE USED TO RECOGNISE AN INEFFECTIVENESS IN THE HEDGE FOR THE PERIOD |
|---|---|---|---|---|---|---|---|---|
| | LESS THAN 1 YEAR | 1 YEAR TO 5 YEARS | MORE THAN 5 YEARS | ASSETS | LIABILITIES | ASSETS | LIABILITIES | |
| **Balance as at 31/12/2024** | | | | | | | | |
| Nominal | | | | | | | | |
| Hedged items | | | | | | | | |
| EUR | 522 | 5,553 | 3,918 | — | — | — | — | — |
| USD | 465 | 2,113 | 1,401 | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| EUR | 522 | 5,553 | 3,918 | — | — | — | — | — |
| USD | 138 | 2,094 | 1,401 | — | — | — | — | — |
| Interest rate sensitivities in bps | | | | | | | | |
| Hedged items | | | | | | | | |
| EUR | — | (3) | (2) | — | — | — | — | — |
| USD | — | (1) | (1) | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| EUR | — | 3 | 2 | — | — | — | — | — |
| USD | — | 1 | 1 | — | — | — | — | — |
| Carrying amounts | | | | | | | | |
| Hedged items | — | — | — | (21) | — | 13,662 | — | — |
| Hedging transactions | — | — | — | — | — | 403 | 273 | — |
| Hedge result | | | | | | | | 3 |
| Hedged items | — | — | — | — | — | — | — | 193 |
| Hedging transactions | — | — | — | — | — | — | — | (190) |
| | | | | | | | | |
| **Balance as at 31/12/2023** | | | | | | | | |
| Nominal | | | | | | | | |
| Hedged items | | | | | | | | |
| EUR | 1,206 | 3,102 | 1,788 | — | — | — | — | — |
| USD | 587 | 2,741 | 54 | — | — | — | — | — |
| Hedging transactions | | | | — | — | — | — | — |
| EUR | 1,206 | 3,027 | 1,738 | — | — | — | — | — |
| USD | 63 | 2,767 | 88 | — | — | — | — | — |
| Interest rate sensitivities in bps | | | | | | | | |
| Hedged items | | | | | | | | |
| EUR | — | (1) | (1) | — | — | — | — | — |
| USD | — | (1) | — | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| EUR | — | 1 | 1 | — | — | — | — | — |
| USD | — | 1 | — | — | — | — | — | — |
| Carrying amounts | | | | | | | | |
| Hedged items | — | — | — | (293) | — | 9,215 | — | — |
| Hedging transactions | — | — | — | — | — | 283 | 11 | — |
| Hedge result | | | | | | | | 8 |
| Hedged items | — | — | — | — | — | — | — | 332 |
| Hedging transactions | — | — | — | — | — | — | — | (324) |

# Notes to the Income Statement (Continued)

The table shown above compares the nominal amounts of the hedged items and the hedging transactions. In addition, interest rate sensitivities are stated in basis points (bps). This means that if the interest rate changes by one basis point (0.01%), the fair value will change by the amount stated in euro millions. The statement of interest rate sensitivities in bps is a suitable instrument for describing the effectiveness of a hedge.

Securities holdings, which are allocated to the balance sheet item “Financial assets at FVTOCI”, are hedged against interest rate risks separately for each transaction through a hedging transaction. This includes up-front payments on conclusion of interest rate swaps to compensate for premiums and discounts in the purchase price of securities, which means that their fair value is not equal to zero at the inception of the hedge. Furthermore, the fair value of derivatives also contains accrued interest (dirty fair value) whereas accrued interest for hedged items is allocated to these directly and is thus not included in the cumulative amount of hedge-related adjustments to the carrying amount of the hedged items. Consequently, the net fair value of hedging derivatives does not equal the cumulative amount of hedge-related adjustments to the carrying amount of the hedged items.

***Micro fair value hedge for holdings at cost***
The micro fair value hedges for holdings at cost (loans and receivables with customers) are shown below:

# Notes to the Income Statement (Continued)

| € millions | REMAINING TERM | | | CUMULATIVE AMOUNT OF THE HEDGE-RELATED ADJUSTMENT TO THE FAIR VALUE INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED ITEM RECOGNISED IN THE BALANCE SHEET | | CARRYING AMOUNTS | | CHANGE IN FAIR VALUE USED TO RECOGNISE AN INEFFECTIVENESS IN THE HEDGE FOR THE PERIOD |
|---|---|---|---|---|---|---|---|---|
| | LESS THAN 1 YEAR | 1 YEAR TO 5 YEARS | MORE THAN 5 YEARS | ASSETS | LIABILITIES | ASSETS | LIABILITIES | |
| **Balance as at 31/12/2024** | | | | | | | | |
| Nominal | | | | | | | | |
| Hedged items | | | | | | | | |
| JPY | — | 613 | — | — | — | — | — | — |
| USD | 96 | 279 | — | — | — | — | — | — |
| EUR | — | — | — | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| JPY | — | 1,496 | — | — | — | — | — | — |
| USD | 96 | 279 | — | — | — | — | — | — |
| EUR | — | — | — | — | — | — | — | — |
| Interest rate sensitivities in BPV | | | | | | | | |
| Hedged items | | | | | | | | |
| JPY | — | — | — | — | — | — | — | — |
| USD | — | — | — | — | — | — | — | — |
| EUR | — | — | — | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| JPY | — | — | — | — | — | — | — | — |
| USD | — | — | — | — | — | — | — | — |
| EUR | — | — | — | — | — | — | — | — |
| Carrying amounts | | | | | | | | |
| Hedged items | — | — | — | (40) | — | 1,004 | — | — |
| Hedging transactions | — | — | — | — | — | 328 | 64 | — |
| Hedge result | | | | | | | | (8) |
| Hedged items | — | — | — | — | — | — | — | (3) |
| Hedging transactions | — | — | — | — | — | — | — | (5) |
| | | | | | | | | |
| **Balance as at 31/12/2023** | | | | | | | | |
| Nominal | | | | | | | | |
| Hedged items | | | | | | | | |
| JPY | — | 256 | 384 | — | — | — | — | — |
| USD | — | 356 | — | — | — | — | — | — |
| EUR | — | — | — | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| JPY | — | 584 | 808 | — | — | — | — | — |
| USD | — | 357 | — | — | — | — | — | — |
| EUR | — | — | — | — | — | — | — | — |
| Interest rate sensitivities in BPV | | | | | | | | |
| Hedged items | | | | | | | | |
| JPY | — | — | — | — | — | — | — | — |
| USD | — | — | — | — | — | — | — | — |
| EUR | — | — | — | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| JPY | — | — | — | — | — | — | — | — |
| USD | — | — | — | — | — | — | — | — |
| EUR | — | — | — | — | — | — | — | — |
| Carrying amounts | | | | | | | | |
| Hedged items | — | — | — | (45) | — | 1,021 | — | — |
| Hedging transactions | — | — | — | — | — | — | 22 | — |
| Hedge result | | | | | | | | (15) |
| Hedged items | — | — | — | — | — | — | — | 23 |
| Hedging transactions | — | — | — | — | — | — | — | (38) |

# Notes to the Income Statement (Continued)

The nominal amounts of hedged items and hedging transactions are compared in the table above. In addition, the interest rate sensitivities are stated in basis points (bps). This means that if the interest rate changes by one basis point (0.01%), the fair value will change by the amount stated in euro millions. The statement of interest rate sensitivities in bps is a suitable instrument for describing the effectiveness of a hedge. With regard to hedging derivatives, it should be noted that due to the centralisation of the trading business, these were mainly concluded with UniCredit S.p.A and no longer with London Clearing House. There is no offsetting of financial assets and liabilities.

***Portfolio fair value hedge***

| | REMAINING TERM | | | CUMULATIVE AMOUNT OF THE HEDGE-RELATED ADJUSTMENT TO THE FAIR VALUE INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED ITEM RECOGNISED IN THE BALANCE SHEET | | CARRYING AMOUNTS | | CHANGE IN FAIR VALUE USED TO RECOGNISE AN INEFFECTIVENESS IN THE HEDGE FOR THE PERIOD |
|---|---|---|---|---|---|---|---|---|
| **€ millions** | LESS THAN 1 YEAR | 1 YEAR TO 5 YEARS | MORE THAN 5 YEARS | ASSETS | LIABILITIES | ASSETS | LIABILITIES | |
| **Balance as at 31/12/2024** | | | | | | | | |
| Interest rate sensitivities in bps | | | | | | | | |
| Hedged items | | | | | | | | |
| EUR | — | 1 | (5) | — | — | — | — | — |
| USD | — | — | — | — | — | — | — | — |
| CHF | — | — | — | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| EUR | — | (1) | 6 | — | — | — | — | — |
| USD | — | — | — | — | — | — | — | — |
| CHF | — | — | — | — | — | — | — | — |
| Carrying amounts | | | | | | | | |
| Hedged items | — | — | — | (58) | (3,452) | — | — | — |
| Hedging derivatives | — | — | — | — | — | 7,120 | 10,033 | — |
| Hedge result | | | | | | | | (113) |
| Hedged items | — | — | — | — | — | — | — | (375) |
| Hedging transactions | — | — | — | — | — | — | — | 262 |
| | | | | | | | | |
| **Balance as at 31/12/2023** | | | | | | | | |
| Interest rate sensitivities in bps | | | | | | | | |
| Hedged items | | | | | | | | |
| EUR | 1 | 4 | 7 | — | — | — | — | — |
| USD | — | — | — | — | — | — | — | — |
| CHF | — | — | — | — | — | — | — | — |
| Hedging transactions | | | | | | | | |
| EUR | (1) | (4) | (7) | — | — | — | — | — |
| USD | — | — | — | — | — | — | — | — |
| CHF | — | — | — | — | — | — | — | — |
| Carrying amounts | | | | | | | | |
| Hedged items | — | — | — | — | (3,763) | — | — | — |
| Hedging derivatives | — | — | — | — | — | 126 | 70 | — |
| Hedge result | | | | | | | | (195) |
| Hedged items | — | — | — | — | — | — | — | (1,722) |
| Hedging transactions | — | — | — | — | — | — | — | 1,527 |

# Notes to the Income Statement (Continued)

HVB Group has exercised the option of continuing to apply the provisions of IAS 39 on hedge accounting. The portfolio fair value hedge will thus be continued.

In line with the standard bank risk management procedures for hedging fixed interest rate risks, the interest rate risks entailed in hedged items are managed on a cross-item basis in the portfolio fair value hedge. For this purpose, the interest rate-relevant cash flows of hedged items (loans and receivables with banks (at cost), loans and receivables with customers (at cost), deposits from banks, deposits from customers and debt securities) are allocated separately by currency to maturity buckets and the net position is determined. The interest rate hedging derivatives concluded thus relate to net interest rate risk positions across several items in the respective maturity buckets and not to specific hedged items. The designated hedge relationships are dedesignated every two weeks and then redesignated. As a hedged item may thus have different effects in the respective maturity bucket, hedge accounting effects are presented by reference to interest sensitivity. The statement of interest rate sensitivity by maturity bucket represents an adequate measure for determining hedged interest rate risks. The table shows the changes in fair value in euro millions if the interest rate changes by one basis point (bp or 0.01%).

## 42 Net gains/losses on derecognition of financial instruments measured at cost

| € millions | 2024 | 2023 |
|---|---|---|
| Loans and receivables (performing) | (8) | (19) |
| Buy-backs of securities issued and other liabilities | 9 | — |
| Promissory notes (assets side) | 7 | 2 |
| **Total** | **8** | **(17)** |

## 43 Net other expenses/income

| € millions | 2024 | 2023 |
|---|---|---|
| Other income | 166 | 161 |
| Sale of land and buildings | 2 | — |
| Rental income | 51 | 44 |
| Valuation/disposals of investment properties | 2 | 22 |
| Other | 111 | 95 |
| Other expenses | (65) | (416) |
| Sale of land and buildings | — | — |
| Valuation/disposals of investment properties | (14) | (91) |
| Expenses of investment properties | (9) | (7) |
| Bank levy | — | (179) |
| Other | (42) | (139) |
| **Total** | **101** | **(255)** |

The line item “Valuation/disposals of investment properties” includes either income from valuation gains or disposals or expenses due to valuation losses or disposals. Due to the measurement at fair value through profit or loss of investment properties, such measurement generally has to be adjusted to the anticipated gain on disposal even before derecognition of the asset because a certain amount of time elapses between the receipt of a binding offer for purchase/conclusion of a purchase agreement and the transfer of rights and obligations for the property (derecognition) in which the measurement must be adjusted through profit or loss. Therefore, both items are shown in a single line.

# Notes to the Income Statement (Continued)

***Net other expenses/income attributable to related parties***

The item “Net other expenses/income” includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | 52 | 35 |
| of which: | | |
| UniCredit S.p.A. | 33 | 18 |
| sister companies | 19 | 17 |
| Joint ventures | — | — |
| Associates | — | — |
| Other investees | — | — |
| **Total** | **52** | **35** |

## 44 Operating costs

| € millions | 2024 | 2023 |
|---|---|---|
| Payroll costs | (1,225) | (1,334) |
| Wages and salaries | (1,005) | (1,108) |
| Social security costs | (158) | (168) |
| Expenses for pensions and similar employee benefits | (62) | (58) |
| Other administrative expenses | (1,006) | (1,045) |
| Amortisation, depreciation and impairment losses | (87) | (150) |
| on property, plant and equipment | (50) | (103) |
| on software and other intangible assets, excluding goodwill | (5) | (7) |
| on right-of-use assets (leases) | (32) | (40) |
| **Total** | **(2,318)** | **(2,529)** |

Wages and salaries includes payments of €0 million (previous-year period: €9 million) made upon the termination of employment contracts. Expenses for similar payments in the context of restructuring measures are recognised under the “Restructuring costs” item in the income statement and explained in the Note “Restructuring costs”.

***Operating costs of related parties***

The item “Operating costs” includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | (522) | (531) |
| of which: | | |
| UniCredit S.p.A. | (507) | (514) |
| sister companies | (5) | (5) |
| subsidiaries | (10) | (12) |
| Joint ventures | — | — |
| Associates | — | — |
| Other investees | — | — |
| **Total** | **(522)** | **(531)** |

# Notes to the Income Statement (Continued)

**Share-based payment compliant with IFRS 2**
Share-based payments were granted primarily under the Group Incentive System in the reporting year. In addition, UniCredit has a further scheme under which shares were granted and which is also accounted for in accordance with IFRS 2: the Long-term Incentive Plan LTI 2020–2023. This is a share-based payment (equity settled).

***Group Incentive System***
The Group Incentive System has governed variable remuneration payable to selected employees since the 2010 financial year. This system is built around the principle that the variable remuneration is granted partially in shares and scheduled for disbursement over a number of years.

Employees whose duties have a significant impact on the Bank's risk profile are eligible as beneficiaries under the Group Incentive System. Under the Group Incentive System, the bonus granted for the respective reporting year is split into a cash component and a share component. The cash component is accounted for in accordance with IAS 19, whereas the share component is subject to the rules of IFRS 2.

The cash component is disbursed in tranches over a period of up to six years. This group of employees thus received up to 30% of the bonus for 2023 in cash with the grant at the beginning of 2024, and a further 10% to 20% will be disbursed after the end of the financial years 2026, 2027 and 2028.

For the remaining bonus amount, the eligible employees received a grant at the beginning of 2024 for the allocation of shares in UniCredit S.p.A. as part of the bonus for 2023, which will be transferred to the eligible employees after the end of the financial years 2024 to 2029.

The deferred payment after the end of the financial years 2026, 2027 and 2028 and the allocation of shares after the end of the financial years 2024 to 2029 to the eligible employees is subject to the provision that, as part of a malus arrangement, it is ensured that there is no loss or significant reduction in the results both at the level of UniCredit and at the level of the individual eligible employee. This deferral of the allocation therefore also determines the length of the vesting period of the individual tranches.

The fair value of the granted shares is calculated using the average stock market price of UniCredit S.p.A. shares in the month prior to the resolution by the Board of Directors in April 2023 regarding the granted shares.

In the reporting year, 1.4 million UniCredit S.p.A. shares were granted as a component of the bonus granted for 2023, with a fair value of €18.4 million. If a capital measure is implemented after the grant date, the number of shares granted will be adjusted accordingly. The shares granted in 2024 as part of the bonus for 2023 will be transferred in 2025, 2026, 2027, 2028, 2029 and 2030.

# Notes to the Income Statement (Continued)

The following table shows the fair values per share at the time of granting the shares:

| | 2024 |
|---|---|
| Fair value of the shares to be transferred in 2025 (€ per share) | 15.464 |
| Fair value of the shares to be transferred in 2026 (€ per share) | 13.942 |
| Fair value of the shares to be transferred in 2027 (€ per share) | 12.284 |
| Fair value of the shares to be transferred in 2028 (€ per share) | 10.669 |
| Fair value of the shares to be transferred in 2029 (€ per share) | 9.098 |
| Fair value of the shares to be transferred in 2030 (€ per share) | 7.568 |

The granted bonuses are recognised in the income statement on a pro rata basis over the respective vesting period.

Cash component bonuses for the 2024 financial year falling due for disbursement in 2025 are recognised in full as an expense. Where cash payments are made at a later date, such payments are subject to the condition that the eligible employees remain employed by UniCredit or are partly subject to further performance targets. Accordingly, the vesting period for the bonus granted consists of several financial years (target achievement plus waiting period) and is to be deferred over this period compliant with IAS 19.153 in conjunction with IAS 19.68. Thus, deferred cash payments under the bonus granted for 2024 are recognised as expense in the respective period (starting with the 2024 financial year to the end of the financial year in which the waiting period for the respective tranche ends) on a pro rata basis.

UniCredit S.p.A. delivers shares to the employees for grants made by HVB Group once the conditions for granting shares have been met. HVB Group reimburses the expenses accruing in this connection to UniCredit S.p.A. The expense for the shares transferred corresponds to the fair value of the shares at the grant date.

***Long-term Incentive Plan LTI 2020–2023:***
The Long-term Incentive Plan LTI 2020–2023 was introduced in the 2020 financial year. This plan constitutes a component of the remuneration system in place at UniCredit for top management and key players at HVB. This means that a portion of the variable remuneration of top management is not specified until after an assessment period of several years. The plan consists of a performance period of four years followed by a four-year retention period with an additional obligatory holding period. The grant is wholly based on shares of UniCredit S.p.A. The respective tranches are subject to malus terms and a claw back arrangement which makes it possible to reclaim each individual share tranche up to five years after vesting.

The performance period of the Long-term Incentive Plan 2020–2030 ended on 31 December 2023. A review showed that a degree of target attainment of 97.50% was achieved on the basis of the underlying performance criteria and the number of the conditionally granted shares was reduced accordingly. HVB bears the costs of implementation of the Long-term Incentive Plan within HVB.

# Notes to the Income Statement (Continued)

The fair value of the granted shares is calculated using the average stock market price of UniCredit S.p.A. shares in the month prior to the resolution by the Board of Directors in January 2020 regarding the granting of shares, adjusted for a discount for expected dividends during the vesting period.

| | 2024 |
|---|---|
| Fair value of the shares to be transferred in 2025 (€ per share) | 9.869 |
| Fair value of the shares to be transferred in 2026 (€ per share) | 8.920 |
| Fair value of the shares to be transferred in 2027 (€ per share) | 7.972 |
| Fair value of the shares to be transferred in 2028 (€ per share) | 7.028 |
| Fair value of the shares to be transferred in 2029 (€ per share) | 6.089 |

UniCredit S.p.A. delivers shares to employees for grants made by HVB Group once the conditions for granting shares have been met. HVB Group reimburses expenses accruing in this connection to UniCredit S.p.A. The expense for the shares transferred corresponds to the fair value of the shares at the grant date.

Analysis of outstanding shares (Group Incentive System: LTI 2020–2023):

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | TOTAL | AVERAGE MATURITY | TOTAL | AVERAGE MATURITY |
| **Outstanding at start of period** | **5,165,680** | **June 2025** | **5,181,617** | **June 2024** |
| Additions | | | | |
| Newly granted shares | 1,374,465 | July 2026 | 2,495,028 | August 2025 |
| From corporate transfers | 183,162 | January 2026 | 40,889 | November 2024 |
| Conditionally granted shares | — | n/a | — | n/a |
| Disposals | | | | |
| Forfeited shares | 20,975 | February 2027 | 104,973 | January 2026 |
| Transferred shares | 2,216,641 | April 2024 | 2,263,514 | April 2023 |
| From corporate transfers | 213,695 | November 2025 | 183,367 | December 2024 |
| Expired shares | 17,436 | July 2026 | — | n/a |
| **Total at end of period** | **4,254,560** | **June 2026** | **5,165,680** | **June 2025** |

In the 2024 financial year, prorated expenses of €16 million (previous-year period: €20 million) accrued for the share component arising from the bonuses granted for 2019 to 2024 in the form of share-based payments compliant with IFRS 2. These expenses are recognised under payroll costs. The provision set aside totalled €51 million (previous-year period: €55 million). The provision covers HVB's future reimbursement of the expense from share-based payments to UniCredit S.p.A.

# Notes to the Income Statement (Continued)

### 45 Net write-downs of loans and provisions for guarantees and commitments

| € millions | 2024 | 2023 |
|---|---|---|
| Additions | (1,191) | (885) |
| Allowances for losses on loans and receivables at cost | (1,050) | (686) |
| Allowances for losses on loans and receivables at FVTOCI | — | — |
| Allowances for losses on guarantees and indemnities | (141) | (199) |
| Reversals | 874 | 668 |
| Allowances for losses on loans and receivables at cost | 657 | 422 |
| Allowances for losses on loans and receivables at FVTOCI | — | 1 |
| Allowances for losses on guarantees and indemnities | 217 | 245 |
| Gains/(losses) from non-substantial modification | 4 | 2 |
| Recoveries from write-offs of loans and receivables | 43 | 41 |
| Gains/(losses) on the disposal of impaired loans and receivables | — | 7 |
| **Total** | **(270)** | **(167)** |

In the reporting period, net additions to net write-downs of loans and provisions for guarantees and commitments totalled €270 million after net additions of €167 million to net write-downs of loans and provisions for guarantees and commitments in the previous-year period. The individual effects that offset each other are described below.

In the reporting period, a net amount of €266 million in portfolio allowances (general loan loss provisions - GLLP) was reversed following a net reversal of €113 million in the previous-year period. When calculating the expected credit losses, the models used basically reflect a changed macroeconomic situation. In addition, overlays were applied in 2022 and 2023 for certain sub-portfolios that are particularly sensitive to specific risks. These overlays are to be considered supplementary measures to the expected credit loss models. On the one hand, these specific risks are geopolitical risks caused by the sudden increase in energy costs, inflation and interest rates for both companies and private individuals. On the other hand, these are risks that have arisen especially in the commercial real estate and construction industry (CRE) as a result of the ongoing high level of interest rates, higher construction costs, decline in orders, falling property prices and lower rental income.

The following reversals and additions were recognised for portfolio allowances in the reporting period: During the reporting period, both overlays were utilised as a result of changing to specific loan loss allowances and there were further reversals due to a methodological adjustment made to take account of macroeconomic scenarios in the overlays. Through the technical implementation of a new LGD model, a post-model adjustment applied in 2023 was reversed which led to a reversal of GLLPs overall as the increase caused by the new model when it was introduced was smaller than anticipated by the post-model adjustment. Furthermore, there was a reversal as a result of removing a model-internal calibration factor to take account of uncertainties during the COVID-19 period and the Russia-Ukraine conflict. A reversal also resulted from regular portfolio development. The effects of implementing a new transfer logic model and a recalibration of this model taking place later in the reporting period have largely offset each other. There was an addition due to the introduction of parameters that cover risks in connection with the ESG framework. In terms of the macroeconomic situation, a slight deterioration in the outlook has resulted in additions to the GLLPs.

# Notes to the Income Statement (Continued)

In the reporting period, net additions to specific loan loss provisions totalled €536 million after net additions of €280 million in the previous-year period. Additions to specific loan loss provisions on account of defaults were only partly compensated for by reversals of existing specific loan loss provisions. The increase in net additions compared with the previous-year period reflects the persistently challenging macroeconomic environment and was significantly influenced by the default of individual corporate customer exposures.

***Net write-downs of loans and provisions for guarantees and commitments attributable to related parties***
The item "Net write-downs of loans and provisions for guarantees and commitments" includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | — | 9 |
| of which: | | |
| UniCredit S.p.A. | — | — |
| sister companies | — | 9 |
| Joint ventures | — | — |
| Associates | — | — |
| Other investees | — | — |
| **Total** | **—** | **9** |

## 46 Provisions for risks and charges

In the reporting period, net income of €27 million was generated from the reversal of provisions for risks and charges. By contrast, there was net income of €32 million from the reversal of provisions for risks and charges in the previous-year period. A significant individual item in the reporting period was the reversal of a provision in the amount of €14 million in connection with a positive decision in legal proceedings. There were no significant individual items in the previous-year period.

## 47 Restructuring costs

In the reporting period, restructuring costs came to €114 million (previous-year period: €309 million).

Restructuring costs in the reporting year continue to be based on measures built on the already existing UniCredit Unlocked strategic plan. The strategic guidelines of the groupwide Unlocked plan in terms of simplification, customer focus and digitalisation are still valid. In the reporting period, further strategic measures were started or continued as part of the UniCredit Unlocked strategic plan to support the achievement of the long-term goals of the strategic plan. Among other things, this includes the structural change and reorganisation of the areas Client Solutions, Finance, Digital & Operations, Risk Management, Legal, Internal Audit and People & Culture. The structural adjustments are also leading to a streamlining of the organisational structure and the fundamental structure, especially in the area of senior management positions.

These measures require further adjustments to be made in the Bank's staff planning. The largest part of the restructuring costs in the amount of €86 million relates to the continued socially compatible reduction in HVB's staffing levels, which is to be achieved above all by natural fluctuation, early retirement solutions and severance agreements.

In the previous-year period, restructuring costs totalling €309 million were incurred, most of which, i.e. €191 million, relate to staff planning. In addition, HVB assumed pro-rata costs of €90 million in 2023 for restructuring measures involving IT activities and other service areas of UniCredit S.p.A., which provides its services for HVB Group.

# Notes to the Income Statement (Continued)

## 48 Net gains/losses on remeasurement of consolidated companies

| € millions | 2024 | 2023 |
|---|---|---|
| Shares in affiliates | (1) | (2) |
| Disposal of companies accounted for using the equity method | — | — |
| Net gains/(losses) on companies accounted for using the equity method | (2) | 5 |
| **Total** | **(3)** | **3** |

In the reporting period and in the previous-year period, losses on shares in affiliates are primarily due to the losses generated on the deconsolidation of subsidiaries. In the reporting period and in the previous-year period, the net gains or losses on remeasurement of companies accounted for using the equity method are mainly attributable to Comtrade Group GmbH, Zug.

## 49 Income tax for the period

| € millions | 2024 | 2023 |
|---|---|---|
| Total current taxes | (767) | (377) |
| Tax expense/income (+) for the current year | (760) | (665) |
| Current tax expense/income (+) relating to other periods | (7) | 288 |
| Deferred taxes | (103) | (27) |
| **Total** | **(870)** | **(404)** |

The deferred tax expense in the reporting year contains an expense totalling €1 million from value adjustments made to deferred tax assets on tax losses carried forward and temporary differences. The deferred tax expense in excess of this totalling €10 million has resulted overall from the emergence and reversal of temporary differences and the utilisation of tax losses.

The differences between computed and recognised income tax are shown in the following reconciliation.

| € millions | 2024 | 2023 |
|---|---|---|
| Profit before tax | 2,790 | 2,139 |
| Applicable tax rate | 31.76% | 31.76% |
| Computed income taxes | (886) | (679) |
| Tax effects | | |
| from previous years and changes in tax rates | 19 | 330 |
| from foreign income | 37 | 25 |
| from non-taxable income | 51 | 52 |
| from different tax laws | (64) | (39) |
| from non-deductible expenses | (25) | (74) |
| from value adjustments and the non-recognition of deferred taxes | (1) | (10) |
| from amortisation of goodwill | — | — |
| from other differences | (1) | (9) |
| **Recognised income taxes** | **(870)** | **(404)** |

# Notes to the Income Statement (Continued)

An applicable tax rate of 31.76% (previous-year period: 31.76%) has been taken as a basis in the tax reconciliation. This comprises the current rate of corporate income tax in Germany of 15.0%, the solidarity surcharge of 5.5% and an average trade tax rate of 15.93% (previous-year period: 15.93%). This reflects the fact that the consolidated profit is significantly affected by profits generated in Germany, meaning that it is subject to German corporate income tax and trade tax.

The item “from non-taxable income” also includes the effects on the distribution for additional equity instruments (please see the “Accounting and Valuation” section for further details).

Tax effects from foreign income are mainly due to different tax rates applicable in other countries.

The item “Tax effects from different tax laws” comprises trade tax modifications applicable to domestic companies and other local features as well as the effects of withholding tax both in Germany and abroad.

The deferred tax assets and deferred tax liabilities are allocated to the following items:

| € millions | 2024 | 2023 |
|---|---|---|
| **Deferred tax assets** | | |
| Other financial instruments at FVTPL | 19 | 1 |
| Other financial instruments Credit Risk (recycled at equity) | 12 | 15 |
| Financial instruments at FVTOCI | 38 | 6 |
| Loans and receivables with banks (at cost) and customers (at cost)/Deposits from banks/customers | 212 | 273 |
| Hedging derivatives and hedge adjustment of hedged items (P&L) | 411 | 433 |
| Hedging derivatives and hedge adjustment of hedged items (OCI) | — | 1 |
| Property, plant and equipment/intangible assets | 74 | 101 |
| Other assets/other liabilities | 229 | 163 |
| Provisions, pension fund and similar (P&L) | 138 | 152 |
| Pensions fund (OCI) | 565 | 524 |
| Losses carried forward/tax credits | 3 | 4 |
| Other | 1 | 1 |
| **Total deferred tax assets** | **1,702** | **1,674** |
| Offsetting effect | (1,022) | (1,001) |
| **Recognised deferred tax assets** | **680** | **673** |
| **Deferred tax liabilities** | | |
| Other financial instruments at FVTPL | 65 | 60 |
| Financial instruments at FVTOCI | 1 | 2 |
| Loans and receivables with banks (at cost) and customers (at cost)/Deposits from banks/customers | 81 | 102 |
| Hedging derivatives and hedge adjustment of hedged items (P&L) | 383 | 368 |
| Hedging derivatives and hedge adjustment of hedged items (OCI) | 3 | — |
| Property, plant and equipment/intangible assets (P&L) | 71 | 62 |
| Property, plant and equipment/intangible assets (OCI) | 355 | 373 |
| Other assets/other liabilities | 55 | 91 |
| Other (P&L) | 70 | 34 |
| Other (OCI) | 1 | 1 |
| **Total deferred tax liabilities** | **1,085** | **1,093** |
| Offsetting effect | (1,022) | (1,001) |
| **Recognised deferred tax liabilities** | **63** | **92** |

# Notes to the Income Statement (Continued)

Deferred taxes are normally measured using the local tax rates of the respective tax jurisdiction. Our domestic companies measure deferred taxes using the uniform corporate income tax rate that is not dependent on any dividend distribution including the solidarity surcharge of 15.8% and the trade tax rate that depends on the applicable assessment rate. This resulted in an unchanged overall valuation rate for deferred taxes of 31.76% for HVB in Germany compared with the previous year. The applicable tax rate was applied analogously for other domestic and foreign units. Changes in tax rates have been taken into account, provided they had already been enacted at the reporting date.

The year-on-year change in deferred tax liabilities/assets without affecting profit or loss can be seen in the table above.

Compliant with IAS 12, no deferred tax assets were recognised for further corporate tax losses carried forward of HVB Group amounting to €539 million (previous-year period: €537 million), most of which can be utilised indefinitely, and trade tax losses carried forward amounting to €485 million (previous year period: €475 million), as well as for minor deductible temporary differences of less than €0.1 million (previous-year period: €0.2 million).

Deferred tax assets were calculated using plans of the individual business areas, which are based on segment-specific and general macroeconomic assumptions. Please see the “Accounting and Valuation” section on impairment for the adjustment of the planning horizon. Measurement was carried out taking into account possible timing restrictions imposed by local regulations and any rules on minimum taxation for tax losses carried forward. Uncertainty is inherent in making the assumptions used in any multi-year plan. Where changes are made to the multi-year plan over time, this may have an impact on the measurement of the volume of deferred taxes already capitalised or to be capitalised.

***Pillar Two – global minimum level of taxation***

As of the 2024 financial year, the UniCredit corporate group and HVB fall within the scope of the newly designed Pillar Two regulation as they, as a multinational group, account for a consolidated turnover of more than €750 million. According to the current status regarding HVB, business units in eleven countries have been identified which are all considered as potential states participating in Pillar Two. Ultimate parent entity is UniCredit S.p.A.

The Pillar Two regulation provides for an international framework of rules aimed at ensuring that the worldwide profits of multinational groups are subject to tax at a rate not lower than 15% in every jurisdiction in which the groups operate. The rules have been firstly designed by the Inclusive Framework of the OECD and then implemented in the European Union through the EU Council Directive 2022/2523 of 14 December 2022. This Directive entered into force as of 2024 in EU countries with the exception of Spain, Poland (implementation in 2025 in both cases) and Latvia (implementation postponed until 2030). In Germany, the provisions of the Directive have been transposed into German law through the German Minimum Taxation Directive Implementation Act (Mindestbesteuerungsrichtlinie-Umsetzungsgesetz – MindStG) of 27 December 2023. Some non-EU Member States in which the UniCredit corporate group and HVB operate are also already implementing the Pillar Two rules as of 2024 (e.g. United Kingdom) or have announced that they will implement the rules as of 2025, while other jurisdictions have not yet communicated if and when they will implement such set of rules.

In a nutshell, the Pillar Two rules provide that if in certain jurisdictions where the UniCredit corporate group or HVB operates the effective tax rate (given by the ratio between adjusted accounting results and adjusted corporate income taxes paid in that jurisdiction) falls below 15%, then the UniCredit corporate group will be required to pay an additional tax (so-called top-up tax) to reach the 15% tax rate threshold.

# Notes to the Income Statement (Continued)

The relevant set of rules also provides for a transition period in which the in-scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two legislation provides for a transitional safe harbour ("TSH") that applies for the first three financial years following the entry into force of the relevant regulation; the TSH relies on simplified calculations (mainly based on data extracted from Country-by-Country Reporting under BEPS action 13) and three kinds of alternative tests. Where at least one of the TSH tests is met for a jurisdiction where the UniCredit corporate group or HVB operates the top-up tax due for such jurisdiction will be deemed to be zero.

A test is met for a jurisdiction where:

1. revenue and profit before tax are below, respectively, €10 million and €1 million (the de minimis test)
2. the ETR equals or exceeds an agreed rate (the ETR test), or
3. the profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

The UniCredit corporate group and HVB have analysed the fulfilment of TSH simplifications for the individual countries. This analysis is based on the most recent information available regarding the financial performance of the constituent entities in the UniCredit corporate group and HVB, according to the 2023 Country by Country Reporting and 2024 financial statements data.

Based on the analysis performed, almost all of the jurisdictions should benefit from the TSH. Regarding one jurisdiction (Italy) for which it might not be possible to apply the TSH, the UniCredit corporate group has performed a calculation based on the full Pillar 2 rules with the result that no top-up- tax will be due.

The above analysis has to be considered as the best estimated exposure as it was based on CbCR data from 2023, and differences in revenues, costs, local tax regimes etc. may affect the conclusions reached, the analysis performed including the calculation is based on complex regulations that have only recently been enacted with limited guidelines, and not all the data required to perform the full Pillar Two calculations was available.

The actual tax expense/income in connection with the Pillar Two rules (IAS 12.88B) is zero for the 2024 financial year. Nor are any expected charges (IAS 12.88C and 12.88D) anticipated either.

From 2024, each company of the UniCredit corporate group will apply the requirements of IAS 12A, according to which deferred tax assets and liabilities resulting in connection with the implementation of the MindStG are not required to be recognised or disclosed.

# Notes to the Balance Sheet

## 50 Cash and cash balances

| € millions | 2024 | 2023 |
|---|---|---|
| Cash on hand | 419 | 428 |
| Balances with central banks | 6,486 | 22,865 |
| **Total** | **6,905** | **23,293** |

## 51 Financial assets held for trading

| € millions | 2024 | 2023 |
|---|---|---|
| On-balance sheet financial instruments | 22,943 | 22,696 |
| Fixed-income securities | 2,512 | 6,288 |
| Equity instruments | 9,098 | 7,306 |
| Other financial assets held for trading | 11,333 | 9,102 |
| Positive fair values of derivative financial instruments | 45,413 | 45,915 |
| **Total** | **68,356** | **68,611** |
| of which subordinated assets | 22 | 2 |

Financial assets held for trading include in particular securities held for trading purposes and the positive fair values of derivatives other than hedging derivatives that are disclosed in hedge accounting (shown separately in the balance sheet). Provided they are held for trading purposes, other financial instruments such as receivables from repurchase transactions, promissory notes and registered bonds are also reported under other financial assets held for trading within financial assets held for trading.

Due to the centralisation of trading activities within the UniCredit corporate group, there has been a change in the distribution of sub-items of the on-balance sheet financial instruments of financial assets held for trading. The volume of fixed-income securities held for trading purposes has fallen significantly following the transfer to UniCredit S.p.A. This decline is more than offset by the significant increase in equity instruments and other on-balance sheet financial assets held for trading.

***Financial assets held for trading of related parties***

The item "Financial assets held for trading" includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | 20,740 | 20,630 |
| of which: | | |
| UniCredit S.p.A.[1] | 20,164 | 15,904 |
| sister companies[2] | 576 | 4,726 |
| Joint ventures | — | — |
| Associates | 17 | 58 |
| Other investees | — | — |
| **Total** | **20,757** | **20,688** |

1 New back-to-back derivatives were concluded with UniCredit S.p.A. in the course of the trading engine centralisation in 2024.
2 Mostly derivative transactions involving UniCredit Bank Austria AG. Decline as a result of the trading engine centralisation begun in 2024 which involves a transfer of trading activities to UniCredit S.p.A.

# Notes to the Balance Sheet (Continued)

## 52 Financial assets at FVTPL

| € millions | 2024 | 2023 |
|---|---|---|
| Fixed-income securities | 857 | 1,633 |
| Equity instruments | 752 | 673 |
| Loans and promissory notes | 784 | 825 |
| Other | 70 | 84 |
| **Total** | **2,463** | **3,215** |
| of which: | | |
| subordinated loans and receivables | — | 3 |
| past-due loans and receivables | — | — |

## 53 Financial assets at FVTOCI

Financial assets at FVTOCI total €13,896 million as at the reporting date (previous year: €9,252 million).

### *Changes in carrying amounts*

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | POCI | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1/1/2024** | **8,818** | **434** | **—** | **—** | **9,252** |
| Transfers to another stage due to deterioration in credit quality | — | — | — | — | — |
| Transfers to another stage due to improvement in credit quality | 294 | (294) | — | — | — |
| Changes due to modification not leading to derecognition | — | — | — | — | — |
| Changes within the stage (net)[1] | 4,784 | (140) | — | — | 4,644 |
| Derecognition (due to uncollectibility) | — | — | — | — | — |
| Other changes | — | — | — | — | — |
| **Balance as at 31/12/2024** | **13,896** | **—** | **—** | **—** | **13,896** |
| | | | | | |
| **Balance as at 1/1/2023** | **9,824** | **13** | **—** | **—** | **9,837** |
| Transfers to another stage due to deterioration in credit quality | (327) | 327 | — | — | — |
| Transfers to another stage due to improvement in credit quality | 13 | (13) | — | — | — |
| Changes due to modification not leading to derecognition | — | — | — | — | — |
| Changes within the stage (net)[1] | (692) | 107 | — | — | (585) |
| Derecognition (due to uncollectibility) | — | — | — | — | — |
| Other changes | — | — | — | — | — |
| **Balance as at 31/12/2023** | **8,818** | **434** | **—** | **—** | **9,252** |

1 Changes within the stage (net) include additions from purchases and disposals from sales and repayments.

# Notes to the Balance Sheet (Continued)

***Fixed-income securities and collateral, broken down by rating class***

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | POCI | TOTAL |
|---|---|---|---|---|---|
| **31/12/2024** | | | | | |
| Not rated | — | — | — | — | — |
| Rating class 1-4 | 13,896 | — | — | — | 13,896 |
| Rating class 5-8 | — | — | — | — | — |
| Rating class 9-10 | — | — | — | — | — |
| **Fair value as at 31/12/2024** | **13,896** | **—** | **—** | **—** | **13,896** |
| Impairment recognised in other comprehensive income for these instruments | — | — | — | — | — |
| | | | | | |
| **31/12/2023** | | | | | |
| Not rated | — | — | — | — | — |
| Rating class 1-4 | 8,818 | 434 | — | — | 9,252 |
| Rating class 5-8 | — | — | — | — | — |
| Rating class 9-10 | — | — | — | — | — |
| **Fair value as at 31/12/2023** | **8,818** | **434** | **—** | **—** | **9,252** |
| Impairment recognised in other comprehensive income for these instruments | — | — | — | — | — |

The impairment of securities holdings totals €0 million (previous year: €0 million). The impairment changed by €0 million in the reporting year (previous year: reduction of €1 million).

As in the previous year, no modifications were made to fixed-income securities in the reporting year.

No collateral was provided for assets held at FVTOCI in the reporting year or in the previous year.

## 54 Loans and receivables with banks (at cost)

| € millions | 2024 | 2023 |
|---|---|---|
| Current accounts | 757 | 907 |
| Cash collateral and pledged credit balances | 8,161 | 3,896 |
| Reverse repos | 4,931 | 7,165 |
| Securities | 8,695 | 6,122 |
| Other loans to banks | 1,645 | 1,442 |
| Non-performing loans and receivables | 30 | 34 |
| **Total** | **24,219** | **19,566** |
| of which subordinated assets | — | — |

Other loans to banks consist mostly of term deposits and bonds.

# Notes to the Balance Sheet (Continued)

### *Changes in gross carrying amounts*

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | POCI | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1/1/2024** | **19,344** | **188** | **81** | **33** | **19,646** |
| Addition due to new business | 12,522 | — | — | — | 12,522 |
| Change in carrying amount within the stage | 1,652 | 30 | 1 | — | 1,683 |
| Transfers to another stage due to deterioration in credit quality | (90) | 90 | — | — | — |
| from Stage 1 to Stage 2 | (90) | 90 | — | — | — |
| from Stage 2 to Stage 3 | — | — | — | — | — |
| from Stage 1 to Stage 3 | — | — | — | — | — |
| Transfers to another stage due to improvement in credit quality | 161 | (161) | — | — | — |
| from Stage 2 to Stage 1 | 161 | (161) | — | — | — |
| from Stage 3 to Stage 2 | — | — | — | — | — |
| from Stage 3 to Stage 1 | — | — | — | — | — |
| Increase reported directly in equity in gross carrying amounts for interest claims not recognised in profit or loss | — | — | — | — | — |
| Changes due to modification of assets not leading to derecognition | — | — | — | — | — |
| Disposals due to repayments/sales | (9,523) | (37) | (4) | — | (9,564) |
| Disposals due to write-offs/write downs of loans and receivables | — | — | — | — | — |
| Foreign currency movements and other changes | 15 | — | — | — | 15 |
| **Balance as at 31/12/2024** | **24,081** | **110** | **78** | **33** | **24,302** |
| | | | | | |
| **Balance as at 1/1/2023** | **23,229** | **107** | **28** | **33** | **23,397** |
| Addition due to new business | 11,144 | — | — | — | 11,144 |
| Change in carrying amount within the stage | (2,704) | (31) | 1 | — | (2,734) |
| Transfers to another stage due to deterioration in credit quality | (230) | 177 | 53 | — | — |
| from Stage 1 to Stage 2 | (224) | 224 | — | — | — |
| from Stage 2 to Stage 3 | — | (47) | 47 | — | — |
| from Stage 1 to Stage 3 | (6) | — | 6 | — | — |
| Transfers to another stage due to improvement in credit quality | 2 | (2) | — | — | — |
| from Stage 2 to Stage 1 | 2 | (2) | — | — | — |
| from Stage 3 to Stage 2 | — | — | — | — | — |
| from Stage 3 to Stage 1 | — | — | — | — | — |
| Increase reported directly in equity in gross carrying amounts for interest claims not recognised in profit or loss | — | — | — | — | — |
| Changes due to modification of assets not leading to derecognition | — | — | — | — | — |
| Disposals due to repayments/sales | (12,073) | (63) | (1) | — | (12,137) |
| Disposals due to write-offs/write downs of loans and receivables | — | — | — | — | — |
| Foreign currency movements and other changes | (24) | — | — | — | (24) |
| **Balance as at 31/12/2023** | **19,344** | **188** | **81** | **33** | **19,646** |

# Notes to the Balance Sheet (Continued)

### *Changes in allowances*

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | POCI | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1/1/2024** | **—** | **—** | **56** | **24** | **80** |
| Addition due to new business | — | — | — | — | — |
| Change in carrying amount within the same stage | — | — | — | — | — |
| Transfers to another stage due to deterioration in credit quality | — | — | — | — | — |
| from Stage 1 to Stage 2 | — | — | — | — | — |
| from Stage 2 to Stage 3 | — | — | — | — | — |
| from Stage 1 to Stage 3 | — | — | — | — | — |
| Transfers to another stage due to improvement in credit quality | — | — | — | — | — |
| from Stage 2 to Stage 1 | — | — | — | — | — |
| from Stage 3 to Stage 2 | — | — | — | — | — |
| from Stage 3 to Stage 1 | — | — | — | — | — |
| Increase in impairment reported directly in equity for interest claims not recognised in profit or loss | — | — | — | — | — |
| Changes due to modification of assets not leading to derecognition | — | — | — | — | — |
| Disposals (reversal due to disposal of receivable) | — | — | (1) | — | (1) |
| Disposals (utilisation of impairments) | — | — | — | — | — |
| Reversal of the discounted amount and recognition of interest claims not previously recognised in profit or loss | — | — | — | — | — |
| Foreign currency movements and other changes | 1 | 1 | 2 | — | 4 |
| **Balance as at 31/12/2024** | **1** | **1** | **57** | **24** | **83** |
| | | | | | |
| **Balance as at 1/1/2023** | **2** | **34** | **13** | **9** | **58** |
| Addition due to new business | — | — | — | — | — |
| Change in carrying amount within the same stage | 1 | (7) | 22 | 15 | 31 |
| Transfers to another stage due to deterioration in credit quality | (2) | (23) | 22 | — | (3) |
| from Stage 1 to Stage 2 | (2) | 1 | — | — | (1) |
| from Stage 2 to Stage 3 | — | (24) | 22 | — | (2) |
| from Stage 1 to Stage 3 | — | — | — | — | — |
| Transfers to another stage due to improvement in credit quality | — | — | — | — | — |
| from Stage 2 to Stage 1 | — | — | — | — | — |
| from Stage 3 to Stage 2 | — | — | — | — | — |
| from Stage 3 to Stage 1 | — | — | — | — | — |
| Increase in impairment reported directly in equity for interest claims not recognised in profit or loss | — | — | — | — | — |
| Changes due to modification of assets not leading to derecognition | — | — | — | — | — |
| Disposals (reversal due to disposal of receivable) | (1) | (3) | — | — | (4) |
| Disposals (utilisation of impairments) | — | — | — | — | — |
| Reversal of the discounted amount and recognition of interest claims not previously recognised in profit or loss | — | — | — | — | — |
| Foreign currency movements and other changes | — | (1) | (1) | — | (2) |
| **Balance as at 31/12/2023** | **—** | **—** | **56** | **24** | **80** |

In the 2024 financial year, total portfolio valuation allowances (Stage 1 and Stage 2) increased by €2 million.

# Notes to the Balance Sheet (Continued)

***Breakdown by rating class***

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | POCI | COLLATERAL | TOTAL |
|---|---|---|---|---|---|---|
| **31/12/2024** | | | | | | |
| Not rated | 843 | — | — | — | — | 843 |
| Rating class 1-4 | 22,938 | 15 | — | — | 4,948 | 22,953 |
| Rating class 5-8 | 300 | 95 | — | — | 158 | 395 |
| Rating class 9-10 | — | — | 78 | 33 | — | 111 |
| **Gross carrying amount as at 31/12/2024** | **24,081** | **110** | **78** | **33** | **5,106** | **24,302** |
| Impairment | (1) | (1) | (57) | (24) | — | (83) |
| **Net carrying amount as at 31/12/2024** | **24,080** | **109** | **21** | **9** | **5,106** | **24,219** |
| | | | | | | |
| **31/12/2023** | | | | | | |
| Not rated | 1,468 | — | — | — | 10 | 1,468 |
| Rating class 1-4 | 17,095 | 143 | — | — | 6,794 | 17,238 |
| Rating class 5-8 | 781 | 45 | — | — | 377 | 826 |
| Rating class 9-10 | — | — | 81 | 33 | 1 | 114 |
| **Gross carrying amount as at 31/12/2023** | **19,344** | **188** | **81** | **33** | **7,182** | **19,646** |
| Impairment | — | — | (56) | (24) | — | (80) |
| **Net carrying amount as at 31/12/2023** | **19,344** | **188** | **25** | **9** | **7,182** | **19,566** |

There were no assets written off in the reporting period that are subject to an enforcement measure.

***Loans and receivables with related parties***

The item "Loans and receivables with banks (at cost)" includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | 1,259 | 845 |
| of which: | | |
| UniCredit S.p.A. | 1,229 | 789 |
| sister companies[1] | 30 | 56 |
| Joint ventures | — | — |
| Associates | 73 | 77 |
| Other investees | 39 | 47 |
| **Total** | **1,371** | **969** |

1 Mainly due from UniCredit Bank Austria AG.

# Notes to the Balance Sheet (Continued)

## 55 Loans and receivables with customers (at cost)

| € millions | 2024 | 2023 |
|---|---|---|
| Current accounts | 7,004 | 7,604 |
| Cash collateral and pledged cash balances | 2,021 | 2,420 |
| Reverse repos | 1,752 | 1,010 |
| Mortgage loans | 53,342 | 54,015 |
| Finance lease receivables | 232 | 388 |
| Securities | 35,781 | 29,099 |
| Other loans and receivables | 60,581 | 58,204 |
| Non-performing loans and receivables | 1,852 | 1,737 |
| **Total** | **162,565** | **154,477** |
| of which subordinated assets | — | — |

Other loans and receivables largely comprise miscellaneous other loans, instalment loans, term deposits and refinanced special credit facilities.

The item “Loans and receivables with customers (at cost)” includes an amount of €4,753 million (previous year: €4,738 million) funded under the fully consolidated Arabella conduit programme. This mainly involves buying short-term trade receivables and medium-term receivables under lease agreements from customers and funding them by issuing commercial paper on the capital market. The securitised loans and receivables are essentially loans and receivables due from European debtors.

# Notes to the Balance Sheet (Continued)

### *Changes in gross carrying amounts*

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | POCI | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1/1/2024** | **132,666** | **20,795** | **2,831** | **4** | **156,296** |
| Addition due to new business | 33,030 | — | — | 52 | 33,082 |
| Change in carrying amount within the stage | (581) | 79 | 236 | (1) | (267) |
| Transfers to another stage due to deterioration in credit quality | (6,165) | 5,055 | 1,110 | — | — |
| from Stage 1 to Stage 2 | (5,737) | 5,737 | — | — | — |
| from Stage 2 to Stage 3 | — | (682) | 682 | — | — |
| from Stage 1 to Stage 3 | (428) | — | 428 | — | — |
| Transfers to another stage due to improvement in credit quality | 9,758 | (9,663) | (95) | — | — |
| from Stage 2 to Stage 1 | 9,727 | (9,727) | — | — | — |
| from Stage 3 to Stage 2 | — | 64 | (64) | — | — |
| from Stage 3 to Stage 1 | 31 | — | (31) | — | — |
| Increase reported directly in equity in gross carrying amounts for interest claims not recognised in profit or loss | — | — | 158 | — | 158 |
| Changes due to modification of assets not leading to derecognition | — | 3 | (12) | — | (9) |
| Disposals due to repayments/sales | (19,008) | (5,019) | (724) | — | (24,751) |
| Disposals due to write-offs/write downs of loans and receivables | — | — | (531) | — | (531) |
| Foreign currency movements and other changes | 258 | 15 | — | — | 273 |
| **Balance as at 31/12/2024** | **149,958** | **11,265** | **2,973** | **55** | **164,251** |
| | | | | | |
| **Balance as at 1/1/2023** | **136,190** | **17,774** | **2,725** | **4** | **156,693** |
| Addition due to new business | 27,217 | — | — | — | 27,217 |
| Change in carrying amount within the stage | (447) | 102 | (198) | — | (543) |
| Transfers to another stage due to deterioration in credit quality | (11,758) | 10,652 | 1,106 | — | — |
| from Stage 1 to Stage 2 | (11,270) | 11,270 | — | — | — |
| from Stage 2 to Stage 3 | — | (618) | 618 | — | — |
| from Stage 1 to Stage 3 | (488) | — | 488 | — | — |
| Transfers to another stage due to improvement in credit quality | 4,661 | (4,542) | (119) | — | — |
| from Stage 2 to Stage 1 | 4,623 | (4,623) | — | — | — |
| from Stage 3 to Stage 2 | — | 81 | (81) | — | — |
| from Stage 3 to Stage 1 | 38 | — | (38) | — | — |
| Increase reported directly in equity in gross carrying amounts for interest claims not recognised in profit or loss | — | — | 153 | — | 153 |
| Changes due to modification of assets not leading to derecognition | — | 2 | 8 | — | 10 |
| Disposals due to repayments/sales | (22,862) | (3,184) | (612) | — | (26,658) |
| Disposals due to write-offs/write downs of loans and receivables | — | — | (220) | — | (220) |
| Foreign currency movements and other changes | (335) | (9) | (12) | — | (356) |
| **Balance as at 31/12/2023** | **132,666** | **20,795** | **2,831** | **4** | **156,296** |

# Notes to the Balance Sheet (Continued)

***Changes in allowances***

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | POCI | TOTAL |
|---|---|---|---|---|---|
| **Balance as at 1/1/2024** | **158** | **563** | **1,096** | **2** | **1,819** |
| Addition due to new business | 36 | — | — | — | 36 |
| Change in carrying amount within the same stage | (37) | (26) | 410 | (1) | 346 |
| Transfers to another stage due to deterioration in credit quality | (40) | 118 | 310 | — | 388 |
| from Stage 1 to Stage 2 | (38) | 156 | — | — | 118 |
| from Stage 2 to Stage 3 | — | (38) | 232 | — | 194 |
| from Stage 1 to Stage 3 | (2) | — | 78 | — | 76 |
| Transfers to another stage due to improvement in credit quality | 39 | (221) | (14) | — | (196) |
| from Stage 2 to Stage 1 | 39 | (223) | — | — | (184) |
| from Stage 3 to Stage 2 | — | 2 | (12) | — | (10) |
| from Stage 3 to Stage 1 | — | — | (2) | — | (2) |
| Increase in impairment reported directly in equity for interest claims not recognised in profit or loss | — | — | 158 | — | 158 |
| Changes due to modification of assets not leading to derecognition | — | — | — | — | — |
| Change of model | — | — | 23 | — | 23 |
| Disposals (reversal due to disposal of receivables) | (20) | (58) | (191) | — | (269) |
| Disposals (utilisation of impairments) | — | — | (512) | — | (512) |
| Reversal of the discounted amount and recognition of interest claims not previously recognised in profit or loss | — | — | (108) | — | (108) |
| Foreign currency movements and other changes | — | (2) | 3 | — | 1 |
| **Balance as at 31/12/2024** | **136** | **374** | **1,175** | **1** | **1,686** |
| | | | | | |
| **Balance as at 1/1/2023** | **201** | **591** | **1,024** | **2** | **1,818** |
| Addition due to new business | 34 | — | — | — | 34 |
| Change in carrying amount within the same stage | 14 | (109) | 119 | — | 24 |
| Transfers to another stage due to deterioration in credit quality | (112) | 248 | 310 | — | 446 |
| from Stage 1 to Stage 2 | (108) | 311 | — | — | 203 |
| from Stage 2 to Stage 3 | — | (63) | 267 | — | 204 |
| from Stage 1 to Stage 3 | (4) | — | 43 | — | 39 |
| Transfers to another stage due to improvement in credit quality | 27 | (72) | (38) | — | (83) |
| from Stage 2 to Stage 1 | 27 | (81) | — | — | (54) |
| from Stage 3 to Stage 2 | — | 9 | (35) | — | (26) |
| from Stage 3 to Stage 1 | — | — | (3) | — | (3) |
| Increase in impairment reported directly in equity for interest claims not recognised in profit or loss | — | — | 153 | — | 153 |
| Changes due to modification of assets not leading to derecognition | — | — | — | — | — |
| Change of model | — | — | — | — | — |
| Disposals (reversal due to disposal of receivables) | (6) | (95) | (201) | — | (302) |
| Disposals (utilisation of impairments) | — | — | (211) | — | (211) |
| Reversal of the discounted amount and recognition of interest claims not previously recognised in profit or loss | — | — | (61) | — | (61) |
| Foreign currency movements and other changes | — | — | 1 | — | 1 |
| **Balance as at 31/12/2023** | **158** | **563** | **1,096** | **2** | **1,819** |

In the 2024 reporting year, total portfolio valuation allowances (Stage 1 and Stage 2) for loans and receivables with customers decreased by €211 million. This reduction is attributable to the following changes:

In 2022 and 2023, HVB applied overlays for certain sub-portfolios which are particularly sensitive to certain risks that are not fully captured by the expected loss models. In the reporting period, these overlays were reduced due to a methodological adjustment and the transfer to specific loan loss provisions.

# Notes to the Balance Sheet (Continued)

Through the technical implementation of the new LGD model, the post-model adjustment applied in 2023 was reversed. This led to a reversal of GLLPs overall as the increase caused by the new model when it was introduced was smaller than anticipated by the post-model adjustment. Furthermore, there was a reversal as a result of removing a model-internal calibration factor to take account of uncertainties during the COVID-19 period and the Russia-Ukraine conflict. The effects of implementing a new transfer logic model and a recalibration of this model taking place later in the reporting year have largely offset each other. There was an addition due to the introduction of parameters that cover risks in connection with the ESG framework. In terms of the macroeconomic situation, a slight deterioration in the outlook has resulted in additions to the GLLPs. The reversals exceed the additions resulting in a reduction in valuation allowances overall.

In the reporting period, there was a net increase in specific valuation allowances of €79 million. Additions to specific valuation allowances on account of defaults were only partially compensated for by reversals of existing specific valuation allowances. The year-on-year increase in net additions reflects the persistently challenging macroeconomic environment and was significantly influenced by the default of individual corporate customer exposures. The increase in utilisation of valuation allowances compared with the previous year was impacted by write-downs on receivables from larger exposures.

***Breakdown by rating class***

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | POCI | COLLATERAL | TOTAL |
|---|---|---|---|---|---|---|
| **31/12/2024** | | | | | | |
| Not rated | 842 | — | — | — | 281 | 842 |
| Rating class 1-4 | 135,345 | 3,613 | — | — | 48,658 | 138,958 |
| Rating class 5-8 | 13,771 | 7,652 | — | 1 | 7,727 | 21,424 |
| Rating class 9-10 | — | — | 2,973 | 54 | 551 | 3,027 |
| **Gross carrying amount as at 31/12/2024** | **149,958** | **11,265** | **2,973** | **55** | **57,217** | **164,251** |
| Impairment | (136) | (374) | (1,175) | (1) | — | (1,686) |
| **Net carrying amount as at 31/12/2024** | **149,822** | **10,891** | **1,798** | **54** | **57,217** | **162,565** |
| | | | | | | |
| **31/12/2023** | | | | | | |
| Not rated | 2,897 | — | — | — | 1,159 | 2,897 |
| Rating class 1-4 | 114,793 | 8,990 | — | — | 41,453 | 123,783 |
| Rating class 5-8 | 14,976 | 11,805 | — | 1 | 12,773 | 26,782 |
| Rating class 9-10 | — | — | 2,831 | 3 | 779 | 2,834 |
| **Gross carrying amount as at 31/12/2023** | **132,666** | **20,795** | **2,831** | **4** | **56,164** | **156,296** |
| Impairment | (158) | (563) | (1,096) | (2) | — | (1,819) |
| **Net carrying amount as at 31/12/2023** | **132,508** | **20,232** | **1,735** | **2** | **56,164** | **154,477** |

The amount outstanding from assets written off in the reporting period that are subject to an enforcement measure totals €344 million (previous year: €153 million).

# Notes to the Balance Sheet (Continued)

***Loans and receivables with related parties***

The item "Loans and receivables with customers (at cost)" includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | — | 34 |
| of which: | | |
| sister companies | — | 30 |
| subsidiaries | — | 4 |
| Joint ventures | — | — |
| Associates | — | — |
| Other investees | 286 | 320 |
| **Total** | **286** | **354** |

## 56 Forbearance

The European Banking Authority (EBA) defines forborne exposures as debt contracts for which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments that the lender would not have been prepared to grant under other circumstances. Possible measures range from deferrals and temporary moratoriums, longer periods allowed for repayment, reduced interest rates and rescheduling, and even a partial debt waiver. It should be noted, however, that not every modification of a lending agreement is due to financial difficulties on the part of the borrower and represents forbearance.

Forborne exposures may be classified as performing or non-performing according to the EBA definition. The non-performing portfolio encompasses exposures for which the counterparty is listed at Stage 3 and exposures that do not yet satisfy the EBA's strict criteria for returning to the performing portfolio. The following table shows the breakdown of the forborne exposure portfolio at the reporting date:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| € millions | CARRYING AMOUNT BEFORE ALLOWANCES | ALLOWANCES | CARRYING AMOUNT | CARRYING AMOUNT BEFORE ALLOWANCES | ALLOWANCES | CARRYING AMOUNT |
| Performing exposures | 341 | (18) | 323 | 173 | (17) | 156 |
| Non-performing exposures | 677 | (257) | 420 | 850 | (240) | 610 |
| **Total** | **1,018** | **(275)** | **743** | **1,023** | **(257)** | **766** |

The exposures considered to be forborne are included under loans and receivables with customers at an amount of €743 million (previous year: €766 million). As in the previous year, no securities were held with forbearance measures.

If the forbearance measure does not result in a deterioration in creditworthiness (Stage 3), the loans involved are exposed to increased default risk as they have already become conspicuous. They are thus allocated to Stage 2. Such exposures are closely tracked by the restructuring units or subject to strict monitoring by the back-office units.

# Notes to the Balance Sheet (Continued)

## 57 Hedging derivatives

| € millions | 2024 | 2023 |
|---|---|---|
| Micro fair value hedge | 731 | 283 |
| Portfolio fair value hedge[1] | 7,120 | 126 |
| **Total** | **7,851** | **409** |

1 The cross-currency interest rate swaps used in hedge accounting are carried at their aggregate fair value in the portfolio fair value hedge.

The increase in the volume of hedging derivatives is attributable to the effects of centralising trading activities within the UniCredit corporate group, and in particular due to externalising the interest rate risk via UniCredit S.p.A. as of the second half of 2024. As a result of this, HVB concluded new back-to-back derivatives with UniCredit S.p.A. The gross volume of hedging derivatives is thus disclosed for the reporting date as at 31 December 2024. Year-end 2023 reflects a net disclosure of hedging derivatives from externalising the interest rate risk via HVB with central counterparties for whom the requirements for net disclosure were met. The same development has likewise resulted in an increase in hedging derivatives on the liabilities side of the balance sheet.

## 58 Investments in associates and joint ventures accounted for using the equity method

| € millions | 2024 | 2023 |
|---|---|---|
| Associates accounted for using the equity method | 17 | 17 |
| of which goodwill | — | — |
| Joint ventures accounted for using the equity method | — | — |
| **Total** | **17** | **17** |

For materiality reasons, two associates accounted for using the equity method were not included in the consolidated financial statements.

There were no effects from changes in the value of other comprehensive income or other equity items at companies accounted for using the equity method in the reporting year or in the previous year. Nor was there any unrecognised prorated loss from companies accounted for using the equity method in the reporting year or in the previous year. Furthermore, there were no unrecognised prorated cumulative losses from companies accounted for using the equity method in the reporting year or in the previous year.

There are no material commitments arising from contingent liabilities of associates.

## 59 Property, plant and equipment

| € millions | 2024 | 2023 |
|---|---|---|
| Land | 1,024 | 1,103 |
| Buildings | 649 | 688 |
| Plant and office equipment | 107 | 121 |
| Right-of-use assets (leases) | 112 | 138 |
| of which land and buildings | 106 | 130 |
| **Total** | **1,892** | **2,050** |

Impairments on land and buildings shown under changes in property, plant and equipment for 2024 are attributable to declines in the fair value of land and buildings. For properties, these amount to €12 million (previous year: €85 million) and for land €2 million (previous year: €1 million).

# Notes to the Balance Sheet (Continued)

### *Changes in property, plant and equipment*

| € millions | LAND | BUILDINGS | PLANT AND OFFICE EQUIPMENT | RIGHT-OF-USE ASSETS (LEASES) | TOTAL PROPERTY, PLANT AND EQUIPMENT |
|---|---|---|---|---|---|
| **Acquisition costs as at 1/1/2024** | **1,103** | **2,370** | **583** | **340** | **4,396** |
| Write-downs and write-ups from previous years | — | (1,682) | (462) | (202) | (2,346) |
| **Carrying amounts as at 1/1/2024** | **1,103** | **688** | **121** | **138** | **2,050** |
| Additions | | | | | — |
| Acquisition/production costs | — | 2 | 11 | 25 | 38 |
| Adjustment due to revaluation in reporting period (OCI) | 7 | 27 | — | — | 34 |
| Write-ups | — | 13 | — | 11 | 24 |
| Changes from currency translation | — | — | — | — | — |
| Other additions[1] | — | — | 2 | 5 | 7 |
| Disposals | | | | | — |
| Sales | — | — | (2) | (17) | (19) |
| Adjustment due to revaluation in reporting period (OCI) | (56) | (26) | — | — | (82) |
| Depreciation and write-downs | — | (26) | (18) | (32) | (76) |
| Impairments | (2) | (12) | (1) | (4) | (19) |
| Changes from currency translation | — | — | — | — | — |
| Non-current assets or disposal groups held for sale | (28) | (17) | — | — | (45) |
| Other disposals[1] | — | — | (6) | (14) | (20) |
| **Carrying amounts as at 31/12/2024** | **1,024** | **649** | **107** | **112** | **1,892** |
| Write-downs and write-ups from previous years plus the reporting period | — | 1,624 | 441 | 152 | 2,217 |
| **Acquisition costs as at 31/12/2024** | **1,024** | **2,273** | **548** | **264** | **4,109** |
| | | | | | |
| **Acquisition costs as at 1/1/2023** | **1,200** | **2,483** | **693** | **363** | **4,739** |
| Write-downs and write-ups from previous years | — | (1,607) | (563) | (200) | (2,370) |
| **Carrying amounts as at 1/1/2023** | **1,200** | **876** | **130** | **163** | **2,369** |
| Additions | | | | | — |
| Acquisition/production costs | — | 13 | 22 | 24 | 59 |
| Adjustment due to revaluation in reporting period (OCI) | 16 | 24 | — | — | 40 |
| Write-ups | — | 37 | 2 | 10 | 49 |
| Changes from currency translation | — | — | — | — | — |
| Other additions[1] | 1 | 4 | 3 | 24 | 32 |
| Disposals | | | | | — |
| Sales | (1) | — | (3) | (17) | (21) |
| Adjustment due to revaluation in reporting period (OCI) | (110) | (145) | — | — | (255) |
| Depreciation and write-downs | — | (30) | (26) | (40) | (96) |
| Impairments | (1) | (85) | (5) | (9) | (100) |
| Changes from currency translation | — | — | — | (1) | (1) |
| Non-current assets or disposal groups held for sale | (2) | (2) | — | — | (4) |
| Other disposals[1] | — | (4) | (2) | (16) | (22) |
| **Carrying amounts as at 31/12/2023** | **1,103** | **688** | **121** | **138** | **2,050** |
| Write-downs and write-ups from previous years plus the reporting period | — | 1,682 | 462 | 202 | 2,346 |
| **Acquisition costs as at 31/12/2023** | **1,103** | **2,370** | **583** | **340** | **4,396** |

1 Including changes in the group of companies included in consolidation.

# Notes to the Balance Sheet (Continued)

## 60 Investment properties

Investment properties are measured at fair value. As each property is unique and the fair value is determined by external expert opinions that take into account the special features of the property being valued, all fair values for investment properties reported in this balance sheet item are allocated to Level 3.

The net carrying amount of right-of-use assets from lease agreements classified as investment properties under this balance sheet item is €44 million as at the reporting date (previous year: €52 million).

### *Changes in investment properties*

| € millions | 2024 | 2023 |
|---|---|---|
| **Carrying amounts as at 1/1** | **254** | **351** |
| Additions | | |
| Acquisitions | 1 | — |
| Valuation gains | 2 | 22 |
| Subsequent expenses | 4 | 4 |
| Changes from currency translation | — | — |
| Other additions[1] | — | — |
| Disposals | | |
| Sales | — | — |
| Valuation losses | (14) | (91) |
| Changes from currency translation | — | — |
| Non-current assets or disposal groups held for sale | (68) | (32) |
| Other disposals[1] | — | — |
| **Carrying amounts as at 31/12** | **179** | **254** |

1 Also including changes in the group of companies included in consolidation.

## 61 Intangible assets

| € millions | 2024 | 2023 |
|---|---|---|
| Internally generated intangible assets | 2 | 2 |
| Other intangible assets | 37 | 4 |
| **Total** | **39** | **6** |

HVB no longer generates any software internally. Software is provided to HVB groupwide by UniCredit S.p.A.

# Notes to the Balance Sheet (Continued)

## 62 Non-current assets or disposal groups held for sale

| € millions | 2024 | 2023 |
|---|---|---|
| Cash and cash balances | — | — |
| Financial assets at FVTPL | — | — |
| Financial assets at FVTOCI | — | — |
| Loans and receivables with banks (at cost) | 3 | 14 |
| Loans and receivables with customers (at cost) | 44 | 17 |
| Investments in associates and joint ventures accounted for using the equity method | — | — |
| Property, plant and equipment | 40 | 4 |
| Investment properties | 92 | 32 |
| Intangible assets | — | — |
| Tax assets | — | — |
| Inventories (IAS 2) | — | — |
| Other assets | 1 | — |
| **Total** | **180** | **67** |

As at 31 December 2024, non-current assets or disposal groups held for sale include the following selling activities:
– Planned sale of the subsidiary Monnet 8-10 S.à.r.l., Luxembourg, allocated to the Other operating segment. The closing of the sale is expected in the second half of 2025.
– Planned sale of the subsidiary Weicker S.à.r.l., Luxembourg, allocated to the Other operating segment. The closing of the sale is expected in the first half of 2025.
– Sale of one non-strategic property (investment property, allocated to Level 2).

Furthermore, HVB has decided to reduce the volume of non-performing loans and receivables with customers by selling them. The change in loans and receivables with customers (at cost) in the reporting year is largely due to this sales initiative and includes both additions as a result of reclassifications as well as disposals as a result of sales.

The planned sale of the subsidiary Monnet 8-10 S.à r.l., Luxembourg, mainly relates to a property reported under property, plant and equipment.

The planned sale of the subsidiary Weicker S.à r.l., Luxembourg, mainly relates to a property reported under investment properties (allocated to Level 3).

The sale of the subsidiary Structured Invest Société Anonyme, Luxembourg, was closed in the first half of 2024.

In the previous year, a non-strategic property (investment property allocated to Level 2) with a carrying amount of €32 million was classified as non-current assets or disposal groups held for sale and sold in February 2025. Furthermore, an investment property (allocated to Level 2) with a carrying amount of €8 million was classified as non-current assets or disposal groups held for sale and sold the second half of 2024.

# Notes to the Balance Sheet (Continued)

In the reporting year, impairments totalling €5 million were recognised for the property reported under property, plant and equipment that was classified as non-current assets or disposal groups held for sale for the first time in the reporting year. In the previous year, no impairments were required to be recognised.

***Changes in investment properties, classified as non-current assets or disposal groups held for sale***

| **€ millions** | **2024** | **2023** |
|---|---|---|
| **Carrying amounts as at 1/1** | **32** | **—** |
| Additions | | |
| Acquisitions | — | — |
| Classification of non-current assets or disposal groups held for sale | 68 | 32 |
| Valuation gains | — | — |
| Subsequent expenses | — | — |
| Changes from currency translation | — | — |
| Other additions[1] | — | — |
| Disposals | | |
| Sales | (8) | — |
| Valuation losses | — | — |
| Changes from currency translation | — | — |
| Reclassification of non-current assets or disposal groups held for sale | — | — |
| Other disposals[1] | — | — |
| **Carrying amounts as at 31/12** | **92** | **32** |

1 Also including changes in the group of companies included in consolidation.

***Fair value level hierarchy***

Assets or liabilities whose valuation is derived from input data (valuation parameters) that is directly observable (as prices) or indirectly observable (derived from prices) are generally shown in Level 2. A price cannot be observed on an active market for the assets or liabilities concerned themselves. Since properties are unique, there can be no trading for the same property or any observable price for it on an active market. However, offers submitted in the course of a selling process constitute observable input data for determining a fair value, as the property may be sold at this price on the basis of binding or reliable non-binding offers.

Level 3 generally relates to assets or liabilities whose fair value is not determined exclusively on the basis of observable market data (non-observable input data). External valuation reports are based on generally recognised valuation methods that use parameters determined by external assessors for the property (such as the current market rent assumed for the property). The respective fair values therefore feature valuation parameters that are based on model assumptions.

# Notes to the Balance Sheet (Continued)

The following table shows the allocation of the investment properties measured at fair value to the respective fair value level hierarchy:

| | FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2) | | FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET (LEVEL 3) | |
|---|---|---|---|---|
| **€ millions** | **2024** | **2023** | **2024** | **2023** |
| Investment properties, classified as non-current assets or disposal groups held for sale | 32 | 32 | 60 | — |

Changes in investment properties allocated to Level 3:

| **€ millions** | **2024** | **2023** |
|---|---|---|
| **Carrying amount as at 1/1** | **—** | **—** |
| Additions to the portfolio (classified as Level 3) | 60 | — |
| Positive fair value changes (classified as Level 3) | — | — |
| Additions due to reclassification from Level 2 to Level 3 | — | — |
| Disposals from the portfolio (classified as Level 3) | — | — |
| Negative fair value changes (classified as Level 3) | — | — |
| Disposals due to reclassification from Level 3 to Level 2 | — | — |
| **Carrying amount as at 31/12** | **60** | **—** |

There were no reclassifications from Level 2 to Level 3.

### 63 Other assets

Other assets include prepaid expenses of €155 million (previous year: €141 million). At the reporting date, the excess of assets over liabilities from offsetting the present value of the defined pension obligations against the fair value of the plan assets of defined benefit plans is also recognised under other assets as a capitalised excess cover of plan assets totalling €28 million (previous year: €41 million).

The commodities totalling €218 million included in other assets in the previous year were sold in full in the 2024 reporting year.

### 64 Own securitisation

HVB has securitised its own loan receivables for the purpose of obtaining favourable funding terms on the capital market, for generating securities for use as collateral in repurchase agreements and for reducing risk-weighted assets.

This involves structuring the cash flows of the underlying loan portfolio, meaning that at least two hierarchical positions (tranches) are formed when dividing up the risks and cash flows. In the case of traditional securitisations (true sale), receivables are sold to a special purpose entity, which in turn issues securities. In contrast, in a synthetic transaction, the Bank always retains ownership of the securitised assets. Only the risk is transferred to the capital market without any change in the ownership structure of the securitised credit portfolio. This hedge is effected through guarantees or through the use of credit derivatives.

# Notes to the Balance Sheet (Continued)

HVB's true sale transactions consist of Rosenkavalier 2008 (€3.2 billion securitisation of retail real estate loans), Rosenkavalier 2015 (€3.0 billion securitisation of corporate loans), Rosenkavalier 2020 (€0.5 billion securitisation of consumer loans) and Rosenkavalier 2022 (€3.0 billion securitisation of corporate loans).

In all of the true sale transactions, HVB retained the tranches issued by the special purpose entities. The senior positions (or senior tranches) of securities generated in this way are available as collateral for repurchase agreements with the Bundesbank and as collateral for TLTRO programme. The underlying receivables continue to be recognised by HVB and the special purpose entities set up for this purpose are fully consolidated in accordance with IFRS 10. These transactions did not result in any reduction in risk-weighted assets.

In addition, there are three synthetic securitisations at HVB: Tucherpark 2022 (€1.9 billion securitisation of corporate loans), Arabellapark 2023 (€1.9 billion securitisation of corporate loans) and ARTS Arabellapark 2024 (€3.4 billion securitisation of corporate loans).

In the Tucherpark 2022 transaction, HVB and the EIB Group structured a synthetic securitisation. The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF). In response to the COVID-19 pandemic, new loans were made available to SMEs through the transaction (€1.9 billion securitisation of corporate loans) within the framework of the European Guarantee Fund (EGF). EIF takes on financial guarantees that provide credit protection and are hedged through an agreement of the EIB in favour of the EIF. For HVB, this resulted in a reduction in risk-weighted assets of €0.29 billion as at 31 December 2024.

In the Arabellapark 2023 transaction, a further synthetic securitisation was concluded with a volume of €1.9 billion at the end of 2023. Revolving credit and term loan facilities of large companies were securitised in this transaction for the first time. HVB acted as the sole arranger for this transaction and placed credit-linked notes totalling €150 million in order to achieve a reduction in risk-weighted assets of €650 million as of March 2023. The transaction will be replenished as at the payment date 31 January 2025 for the last time.

In order to achieve further reductions in risk-weighted assets, the ARTS Arabella 2024 transaction was concluded in July 2024. This transaction has the same structure as Arabellapark 2023 and involved securitising loans from the Small & Medium Corporates (SMC) and Large Corporates areas. As a result of securitising these corporate loans totalling €3.4 billion with a credit-linked note of €239.4 million, a reduction in risk-weighted assets of €1.45 billion was achieved as of September 2024. This transaction will be replenished over a period of two years.

# Notes to the Balance Sheet (Continued)

## 65 Deposits from banks

| € millions | 2024 | 2023 |
|---|---|---|
| Deposits from central banks | 1,464 | 7,167 |
| Deposits from banks | 29,012 | 28,506 |
| Current accounts | 2,468 | 1,705 |
| Cash collateral and pledged credit balances | 4,941 | 8,513 |
| Repos | 6,848 | 2,764 |
| Term deposits | 1,727 | 870 |
| Other liabilities | 13,028 | 14,654 |
| **Total** | **30,476** | **35,673** |

Deposits from central banks no longer include any liabilities from the participation in the TLTRO III programme as at the reporting date (previous year: €5.8 billion). The remaining funds totalling €5.8 billion were repaid in the first half of 2024.

***Amounts payable to related parties***

The item "Deposits from banks" includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | 2,118 | 3,564 |
| of which: | | |
| UniCredit S.p.A. | 1,416 | 2,806 |
| sister companies[1] | 702 | 758 |
| Joint ventures | — | — |
| Associates | 106 | 165 |
| Other investees | 19 | 19 |
| **Total** | **2,243** | **3,748** |

1 Largest single items relate to UniCredit Bank Austria AG.

# Notes to the Balance Sheet (Continued)

## 66 Deposits from customers

| € millions | 2024 | 2023 |
|---|---|---|
| Current accounts | 75,902 | 76,197 |
| Cash collateral and pledged credit balances | 2,575 | 2,781 |
| Savings deposits | 3,662 | 5,709 |
| Repos | 4,120 | 1,089 |
| Term deposits | 50,066 | 48,253 |
| Promissory notes | 567 | 680 |
| Lease liabilities | 218 | 275 |
| Other liabilities | 5,499 | 4,573 |
| **Total** | **142,609** | **139,557** |

### *Amounts payable to related parties*

The item “Deposits from customers” includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | 18 | 16 |
| of which: | | |
| sister companies | 5 | 2 |
| subsidiaries | 13 | 14 |
| Joint ventures | — | — |
| Associates | — | — |
| Other investees | 316 | 290 |
| **Total** | **334** | **306** |

## 67 Debt securities in issue

| € millions | 2024 | 2023 |
|---|---|---|
| Bonds | 33,584 | 34,274 |
| of which: | | |
| registered Mortgage Pfandbriefe | 2,786 | 3,098 |
| registered Public-sector Pfandbriefe | 953 | 1,056 |
| Mortgage Pfandbriefe | 17,453 | 18,255 |
| Public-sector Pfandbriefe | 2,271 | 2,265 |
| registered bonds | 1,829 | 1,945 |
| Other securities | — | — |
| **Total** | **33,584** | **34,274** |

### *Debt securities in issue, payable to related parties*

The item “Debt securities in issue” includes the following amounts attributable to related parties:

| € millions | 2024 | 2023 |
|---|---|---|
| Non-consolidated affiliates | 3,570 | 3,571 |
| of which: | | |
| UniCredit S.p.A. | 3,570 | 3,571 |
| sister companies | — | — |
| Joint ventures | — | — |
| Associates | — | — |
| Other investees | 2 | 2 |
| **Total** | **3,572** | **3,573** |

# Notes to the Balance Sheet (Continued)

## 68 Financial liabilities held for trading

| € millions | 2024 | 2023 |
|---|---|---|
| Negative fair values of derivative financial instruments | 44,693 | 42,574 |
| Other financial liabilities held for trading | 3,966 | 5,963 |
| **Total** | **48,659** | **48,537** |

The negative fair values of derivative financial instruments are carried as financial liabilities held for trading. In addition, warrants, certificates and bonds issued by our Trading area as well as delivery obligations from short sales of securities, insofar as they serve trading purposes, are included here under other financial liabilities held for trading. As trading activities are being centralised within the UniCredit corporate group, the distribution of the subitems of financial liabilities held for trading has changed. The transfer of interest rate derivatives with external counterparties and new back-to-back derivatives concluded with UniCredit S.p.A. had an effect on the derivative financial instruments.

## 69 Financial liabilities at FVTPL

This item in the amount of €3,563 million (previous year: €4,660 million) primarily contains own structured issues.

The difference between the carrying amount and the amount payable under the contract amounts to minus €8 million (previous year: minus €90 million).

## 70 Hedging derivatives

| € millions | 2024 | 2023 |
|---|---|---|
| Micro fair value hedge | 337 | 32 |
| Portfolio fair value hedge | 10,033 | 71 |
| **Total** | **10,370** | **103** |

The increase in the volume of hedging derivatives is attributable to the effects of centralising trading activities within the UniCredit corporate group, and in particular due to externalising the interest rate risk via UniCredit S.p.A. as of the second half of 2024. As a result of this, HVB concluded new back-to-back derivatives with UniCredit S.p.A. The gross volume of hedging derivatives is thus disclosed for the reporting date as at 31 December 2024. Year-end 2023 reflects a net disclosure of hedging derivatives from externalising the interest rate risk via HVB with central counterparties for whom the requirements for net disclosure were met. The same development has likewise resulted in an increase in hedging derivatives on the liabilities side of the balance sheet.

## 71 Hedge adjustment of hedged items in the portfolio fair value hedge

The hedge adjustments of interest rate-hedged receivables and liabilities in the portfolio fair value hedge totals net minus €3,452 million (previous year: minus €3,763 million) for the liabilities side and minus €58 million (previous year: €0 million) for the assets side. The fair value of the netted portfolio fair value hedge derivatives represents a net comparable amount resulting from a countermovement. Based on the rules of IAS 39.89A in conjunction with IAS 39.AG123, the nature of the hedged item determines its allocation either to the asset side or to the liabilities side, which means that a hedge adjustment for hedged liabilities and an excess of liabilities over assets is to be reported in the respective maturity buckets of the portfolio fair value hedge as a negative figure on the liabilities side.

As a result of a change in the hedged item from an excess of liabilities over assets to an excess of assets over liabilities, a hedge adjustment has been recognised since then for hedged receivables and an excess of assets over liabilities in the respective maturity buckets of the portfolio fair value hedge as a negative figure on the assets side.

# Notes to the Balance Sheet (Continued)

## 72 Liabilities of disposal groups held for sale

| € millions | 2024 | 2023 |
|---|---|---|
| Deposits from banks | — | — |
| Deposits from customers | — | — |
| Tax liabilities | — | 2 |
| Other liabilities | — | 11 |
| Provisions | — | — |
| **Total** | **—** | **13** |

As at 31 December 2023, the liabilities of disposal groups held for sale related exclusively to the liabilities of Structured Invest Société Anonyme, Luxembourg, which was sold in the first half of 2024. The company was allocated to the Corporates operating segment.

## 73 Other liabilities

| €millions | 2024 | 2023 |
|---|---|---|
| Accrued expenses and deferred income for other interest | 119 | 183 |
| Short-term liabilities due to employees | 279 | 304 |
| Turnover tax liabilities | 159 | 89 |
| Liabilities to suppliers | 87 | 81 |
| Other liabilities | 987 | 813 |
| **Total** | **1,631** | **1,470** |

## 74 Provisions

| € millions | 2024 | 2023 |
|---|---|---|
| Provisions for pensions and similar obligations | 272 | 132 |
| Provisions for financial guarantees and irrevocable credit commitments | 217 | 284 |
| Restructuring provisions | 345 | 531 |
| Other provisions | 723 | 703 |
| Payroll provisions | 464 | 392 |
| Provisions related to tax disputes (without income taxes) | 32 | 42 |
| Provisions for rental guarantees and dismantling obligations | 56 | 73 |
| Provisions for legal risks and similar risks | 120 | 137 |
| Other provisions | 51 | 59 |
| **Total** | **1,557** | **1,650** |

# Notes to the Balance Sheet (Continued)

Expected credit losses for financial guarantees and undrawn irrevocable credit commitments are recognised under provisions for financial guarantees and irrevocable credit commitments. The term of these provisions is short to long term in line with the term of the underlying guarantees and credit commitments. Please refer to the description of credit risk in the Risk Report on uncertainties in making estimates. Restructuring provisions largely include restructuring provisions that were set aside within the framework of the group-wide UniCredit Unlocked strategic plan. In addition to the business areas and locations affected, the detailed plan especially also includes assumptions and estimates about the approximate number of employees whose positions will be affected by the restructuring measures, the associated costs and the period in which the planned measures are to be carried out or the obligations are expected to be fulfilled. The restructuring provisions are largely of a short-term nature. The estimation uncertainties associated with the restructuring provisions are rather low as HVB Group is generally progressing in line with the planning assumptions in implementing the strategic plan. Other provisions are largely long-term provisions. The uncertainties in making estimates depend on each particular case; some of these are easy to estimate, for example the provisions for rental guarantees and dismantling obligations, but some can be difficult to estimate where this involves individual cases contained in the provisions for legal risks.

The effects of changes in the discount rate and compounding led to a decrease of €3 million in provisions recognised in the income statement in the reporting year (previous year: decrease of €40 million). The effect of changes in the discount rate used for pension provisions is recognised in other comprehensive income.

**Provisions for pensions and similar obligations**
HVB Group grants its employees post-employment benefits that are structured as defined benefit plans or defined contribution plans.

In the case of defined benefit plans, the Bank undertakes to pay a defined future pension. The financial resources required to do so in the future can be accrued within the Bank (internal financing) or by payment of specific amounts to external pension funds (external financing).

In the case of defined contribution plans, the Bank undertakes to pay defined contributions to external pension funds which will later make the pension payments. Apart from paying the periodic contributions, the Bank has de facto no further obligations.

**Defined benefit plans**
***Characteristics of the plans***
Provisions for pensions and similar obligations include direct commitments to HVB Group employees under company pension plans. These defined benefit plans are based in part on final salaries and in part on building-block schemes involving dynamic adjustment of vested rights. Fund-linked pension plans with a guaranteed minimum rate of interest of 2.75% have been granted in Germany since 2003.

The obligations financed by Pensionskasse der HypoVereinsbank VVaG (HVB Pensionskasse) are included in the disclosures regarding pension obligations (the total includes the obligations of HVB Unterstützungskasse e.V. reinsured by HVB Pensionskasse). The standard HVB Group valuation parameters are used when calculating these obligations. Any plan surplus is subject to the rules governing the asset ceiling, as the assets belong to the members of HVB Pensionskasse.

# Notes to the Balance Sheet (Continued)

HVB Group set up plan assets in the form of contractual trust arrangements (CTA). This involved transferring the assets required to fund its pension obligations to legally independent trustees, including HVB Trust e.V., which manage the assets in line with the respective trustee contracts.

There are no legal or regulatory minimum funding requirements in Germany.

HVB Group reorganised its company plans for pensioners (direct commitments) in 2009. HVB Trust Pensionsfonds AG (pension fund) was set up in this process. For the first time in December 2009 and again in December 2016 and 2022, pension commitments and pension obligations of the Bank for beneficiaries who had already received pension benefits in October 2009, 2016 or 2022 respectively and corresponding plan assets to cover the claims of these beneficiaries were transferred to the pension fund. The pensioners' pension claims are not affected by the transfer; HVB continues to guarantee the pension. The pension fund is a legally independent institution regulated by the German Federal Financial Supervisory Authority (BaFin).

HVB Group is exposed to various risks in connection with its defined benefit plans. Potential pension risks exist with regard to both the benefit obligations (liabilities side) and the plan assets allocated to cover the beneficiaries' claims (assets side). Defined benefit obligations are exposed to actuarial risks such as interest rate risk, longevity risk, salary- and pension-adjustment risk and inflation risk. In the case of fund-linked pension obligations, there is the risk that it will prove impossible in the long run to generate the guaranteed interest rate of 2.75% from the funds allocated to the pension commitments, given persistently low interest rates. With regard to the capital investment, the assets are primarily exposed to market risk such as price risks in securities holdings or changes in the value of real estate investments.

The major pension risk is thus expressed as a deterioration in the funded status as a result of unfavourable developments of defined benefit obligations and/or plan assets, since the sponsoring companies are required to act to service the beneficiaries' claims in the event of any plan deficits. No unusual, company-specific or plan-specific risks or material risk concentrations that could affect the Group's pension plans are currently identifiable.

***Reconciliations***

The amounts from defined benefit plans for post-employment benefits recognised in the consolidated balance sheet can be derived as follows:

| € millions | 2024 | 2023 |
|---|---|---|
| Present value of funded pension obligations | 4,306 | 4,222 |
| Fair value of plan assets | (4,069) | (4,138) |
| **Funded status** | **237** | **84** |
| Present value of unfunded pension obligations | 7 | 7 |
| **Net liability (net asset) of defined benefit plans** | **244** | **91** |
| Asset ceiling | — | — |
| Capitalised excess cover of plan assets | 28 | 41 |
| **Recognised pension provisions** | **272** | **132** |

# Notes to the Balance Sheet (Continued)

The following tables show the changes in the present value of the total (funded and unfunded) pension obligations, the fair value of the plan assets and the net defined benefit liability (net asset) resulting from offsetting these totals. Since a change in the net liability (net asset) is shown here, the positive or negative amounts in the following table are derived from the effect on this net liability (net asset): for example, an increase in the present value of pension obligations is shown as a positive amount or an increase in the fair value of plan assets as a negative amount (in brackets) and vice versa. The tables also show the changes in the effects of the asset ceiling during the financial year and the reconciliations from the opening to the closing balance of the capitalised excess cover of plan assets and the recognised provisions for pensions and similar obligations:

| € millions | PRESENT VALUE OF PENSION COMMITMENTS | FAIR VALUE OF PLAN ASSETS | NET LIABILITY (NET ASSET) OF DEFINED BENEFIT PLANS | ASSET CEILING | CAPITALISED EXCESS COVER OF PLAN ASSETS | RECOGNISED PENSION PROVISIONS |
|---|---|---|---|---|---|---|
| **Balance as at 1/1/2024** | **4,229** | **(4,138)** | **91** | **—** | **41** | **132** |
| Service cost component | | | | | | |
| Current service cost | 39 | — | 39 | — | — | 39 |
| Past service cost | — | — | — | — | — | — |
| Gains/losses on settlement | — | — | — | — | — | — |
| Net interest component | | | | | | |
| Interest expense/income | 151 | (150) | 1 | — | — | 1 |
| **Service costs and net interest of defined benefit plans recognised in profit or loss for the period** | **190** | **(150)** | **40** | **—** | **—** | **40** |
| Remeasurement component | | | | | | |
| Gains/losses on plan assets excluding amounts included in net interest on the net defined benefit liability (asset) | — | 75 | 75 | — | — | 75 |
| Actuarial gains/losses - demographic assumptions | (4) | — | (4) | — | — | (4) |
| Actuarial gains/losses - financial assumptions | 1 | — | 1 | — | — | 1 |
| Actuarial gains/losses - experience adjustments | 57 | — | 57 | — | — | 57 |
| Changes due to asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset) | — | — | — | — | — | — |
| **Remeasurements component of defined benefit plans recognised in OCI** | **54** | **75** | **129** | **—** | **—** | **129** |
| Other changes | | | | | | |
| Excess cover of plan assets | — | — | — | — | (13) | (13) |
| Exchange differences | 3 | (4) | (1) | — | — | (1) |
| Contributions to the plan: | | | | | | |
| Employer | — | (15) | (15) | — | — | (15) |
| Plan participants | 9 | (8) | 1 | — | — | 1 |
| Pension payments | (173) | 172 | (1) | — | — | (1) |
| Business combinations, disposals and other | 1 | (1) | — | — | — | — |
| **Balance as at 31/12/2024** | **4,313** | **(4,069)** | **244** | **—** | **28** | **272** |

# Notes to the Balance Sheet (Continued)

| € millions | PRESENT VALUE OF PENSION COMMITMENTS | FAIR VALUE OF PLAN ASSETS | NET LIABILITY (NET ASSET) OF DEFINED BENEFIT PLANS | ASSET CEILING | CAPITALISED EXCESS COVER OF PLAN ASSETS | RECOGNISED PENSION PROVISIONS |
|---|---|---|---|---|---|---|
| **Balance as at 1/1/2023** | **4,032** | **(4,135)** | **(103)** | **—** | **178** | **75** |
| Service cost component | | | | | | |
| Current service cost | 38 | — | 38 | — | — | 38 |
| Past service cost | — | — | — | — | — | — |
| Gains/losses on settlement | — | — | — | — | — | — |
| Net interest component | | | | | | |
| Interest expense/income | 153 | (159) | (6) | — | — | (6) |
| **Service costs and net interest of defined benefit plans recognised in profit or loss for the period** | **191** | **(159)** | **32** | **—** | **—** | **32** |
| Remeasurement component | | | | | | |
| Gains/losses on plan assets excluding amounts included in net interest on the net defined benefit liability (asset) | — | 5 | 5 | — | — | 5 |
| Actuarial gains/losses - demographic assumptions | — | — | — | — | — | — |
| Actuarial gains/losses - financial assumptions | 138 | — | 138 | — | — | 138 |
| Actuarial gains/losses - experience adjustments | 25 | — | 25 | — | — | 25 |
| Changes due to asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset) | — | — | — | — | — | — |
| **Remeasurements component of defined benefit plans recognised in OCI** | **163** | **5** | **168** | **—** | **—** | **168** |
| Other changes | | | | | | |
| Excess cover of plan assets | — | — | — | — | (137) | (137) |
| Exchange differences | — | (1) | (1) | — | — | (1) |
| Contributions to the plan: | | | | | | |
| Employer | (1) | (5) | (6) | — | — | (6) |
| Plan participants | 9 | (8) | 1 | — | — | 1 |
| Pension payments | (164) | 164 | — | — | — | — |
| Business combinations, disposals and other | (1) | 1 | — | — | — | — |
| **Balance as at 31/12/2023** | **4,229** | **(4,138)** | **91** | **—** | **41** | **132** |

At the end of the reporting period, 25% (previous year: 27%) of the present value of the defined benefit obligations of €4,313 million (previous year: €4,229 million) was attributable to active employees, 23% (previous year: 22%) to former employees with vested benefit entitlements and 52% (previous year: 51%) to pensioners and surviving dependants.

# Notes to the Balance Sheet (Continued)

***Actuarial assumptions***
The main actuarial assumptions used to determine the present value of the gross defined benefit obligations are listed below. The summarised disclosure for several plans takes the form of weighted average factors:

| in % | 2024 | 2023 |
|---|---|---|
| Actuarial interest rate | 3.50 | 3.60 |
| Rate of increase in pension commitments | 2.10 | 2.25 |
| Rate of increase in future compensation and over career | 2.50 | 2.50 |

The mortality rate underlying the actuarial calculation of the present value of defined benefit obligations is based on the modified Heubeck 2018 G tables (generation tables) that allow for the probability of mortality to fall to 95% for women (previous year: 95%) and 80% for men (previous year: 80%).

HVB Group similarly reduces the probability of disability based on these guidance tables to 80% for women and men equally (previous year: 80%). Since any changes in the actuarial assumptions regarding disability fundamentally only have a minor impact on the present value of the defined benefit obligation, HVB Group does not calculate any sensitivities for this valuation parameter.

In addition, the present value of defined benefit obligations is influenced by assumptions regarding future inflation rates. Inflation effects are generally taken into account in the assumptions listed above.

***Sensitivity analyses***
The sensitivity analyses discussed below are intended to show how the present value of the defined benefit obligations would change in case of a change to an actuarial assumption in isolation with the other assumptions remaining unchanged compared with the original calculation. Possible correlation effects between the individual assumptions are not taken into account in this context. The sensitivity analyses are based on the changes to the actuarial assumptions expected by HVB Group at the reporting date for the subsequent reporting period.

# Notes to the Balance Sheet (Continued)

An increase or decrease in the significant actuarial assumptions in the amount of the percentage points shown in the table would have had the following impact on the present value of the defined benefit obligations at the reporting date:

| | CHANGES IN THE ACTUARIAL ASSUMPTIONS | IMPACT ON THE PRESENT VALUE OF PENSION OBLIGATIONS | | |
|---|---|---|---|---|
| | | PRESENT VALUE OF LIABILITY | ABSOLUTE CHANGES | RELATIVE CHANGES |
| | | € millions | € millions | in % |
| **Sensitivities as at 31/12/2024** | | | | |
| | Basic value of the calculation of sensitivity | 4,313 | | |
| Actuarial interest rate | Increase of 25 basis points | 4,168 | (145) | (3.4) |
| | Decrease of 25 basis points | 4,469 | 156 | 3.6 |
| Rate of increase in pension obligations | Increase of 25 basis points | 4,421 | 108 | 2.5 |
| | Decrease of 25 basis points | 4,211 | (102) | (2.4) |
| Rate of increase in future compensation/career trend | Increase of 25 basis points | 4,315 | 2 | 0.0 |
| | Decrease of 25 basis points | 4,312 | (1) | 0.0 |
| **Sensitivities as at 31/12/2023** | | | | |
| | Basic value of the calculation of sensitivity | 4,229 | | |
| Actuarial interest rate | Increase of 25 basis points | 4,082 | (147) | (3.5) |
| | Decrease of 25 basis points | 4,384 | 155 | 3.7 |
| Rate of increase in pension obligations | Increase of 25 basis points | 4,336 | 107 | 2.5 |
| | Decrease of 25 basis points | 4,125 | (104) | (2.5) |
| Rate of increase in future compensation/career trend | Increase of 25 basis points | 4,232 | 3 | 0.1 |
| | Decrease of 25 basis points | 4,227 | (2) | 0.0 |

The observable decline in mortality rates is associated with an increase in life expectancy depending on the individual age of each beneficiary. In order to determine the sensitivity of the mortality or longevity, the lifetime for all beneficiaries was increased by one year. The present value of the defined benefit obligations as at 31 December 2024 would rise by €136 million (3.2%) to €4,449 million (previous year: by €132 million (3.1%) to €4,361 million) as a result of this change. HVB Group considers an opposite trend, that is an increase in mortality or a decrease in life expectancy, to be unlikely and has therefore not calculated a sensitivity for this case in the reporting year (or in the previous year).

When determining the sensitivities of defined benefit obligations for the main actuarial assumptions, the same method has been applied (projected unit credit method) as has been used to calculate the pension provisions recognised in the consolidated balance sheet. Increases and decreases in the various valuation assumptions do not entail the same absolute amount in their impact when the defined benefit obligation is calculated, due mainly to the compound interest effect when determining the present value of the future benefit. If several assumptions change at the same time, the combined effect does not necessarily correspond to the sum total of the individual effects. Furthermore, the sensitivities only reflect a change in the present value of the defined benefit obligation for the actual extent of the change in the assumptions (such as 0.25%). If the assumptions change to a different extent, this does not necessarily have a straight-line impact on the present value of the defined benefit obligation. Since the sensitivity analyses are based on the average duration of the expected pension obligations, and consequently the expected disbursement dates are not taken into account, they only result in indicative information or trends.

# Notes to the Balance Sheet (Continued)

***Asset liability management***

Plan assets are managed by a trustee with a view to ensuring that the present and future pension obligations are settled by applying an adequate investment strategy, thus minimising the risk of the trustors or sponsoring companies having to provide additional capital.

Under the CTA, capital investment decisions are taken by an institutionalised body, the Investment Committee, which defines the investment strategy and policies for the plan assets. The concept calls for assets to be invested in line with the structure of the pension obligations in particular and an appropriate return to be generated taking into account the associated risks. In order to optimise the risk/return ratio, the Investment Committee sets strategic allocation ranges and investment limits for the asset classes in the plan assets, which can be exploited flexibly within the agreed risk budget. The bodies and processes required by law have been set up as appropriate for HVB Pensionskasse and the pension fund.

In order to allow for an integral view of plan assets and defined benefit obligations (asset liability management), pension risks are monitored on a regular basis with the aid of a specially developed risk model and included in the Bank’s risk calculation. Since HVB Group employs various methods involving legally independent entities to implement the company pension plans, risk management concepts including stress tests and analysis of risk-taking capacity are also applied in specific instances.

Alongside the actuarial risks mentioned above, the risks associated with the defined benefit obligations relate primarily to financial risks in connection with the plan assets. The capital investment risk in the funding of the pension obligations encompasses notably potential liquidity, credit, concentration, market and real estate risks.

Liquidity risk can result from the non-existent or limited marketability of capital investments, which may result in losses when the assets are sold to settle payment obligations. HVB is not currently exposed to this risk as the expected incoming payments are sufficient to meet the payment obligations. In addition, an appropriate proportion of the capital investments is invested in assets classified as liquid (cash and cash equivalents/term deposits). Liquidity projections are prepared at regular intervals with a view to continue avoiding this risk.

Credit risk stems from possible deteriorations in the solvency of individual debtors through to insolvency. This risk is mitigated by deliberately spreading the capital investments and complying with specific investment policies regarding the creditworthiness of issuers. The relevant ratings are monitored constantly.

Concentration risk arises from excessive investment in an individual asset class, individual industry, individual security or individual property. This risk is countered by means of a broad diversification in line with investment policies, an ongoing review of the capital investment policy and specific parameters for asset managers. Among other things, targeted investment in mixed investment funds is used to reduce concentration risk by diversifying the composition of the fund assets.

Market risk has its roots in the risk of declining fair values caused by negative changes in market prices, equity prices and changes in interest rates. Here, too, compliance with the parameters specified for the composition and diversity of capital investments is ensured and risk-limiting investment policies are defined for asset managers.

# Notes to the Balance Sheet (Continued)

Real estate risk is entailed in both directly held real estate and special-purpose real estate funds. It results from factors like possible rental defaults, loss of property value, high maintenance costs and declining location attractiveness. To minimise these risks, a limit is set for the proportion that may be invested in real estate and the greatest possible diversification is sought. In addition, the conclusion of short-term rental contracts is avoided for directly owned real estate.

***Disaggregation of plan assets***

The following table shows a disaggregation of the plan assets used to fund the defined benefit obligations by asset class:

| € millions | 2024 | 2023 |
|---|---|---|
| Participating interests | 200 | 208 |
| Debt securities | 217 | 204 |
| Properties | 21 | 22 |
| Mixed investment funds | 3,058 | 3,102 |
| Property funds | 533 | 580 |
| Cash and cash equivalents/term deposits | 38 | 19 |
| Other assets | 2 | 3 |
| **Total** | **4,069** | **4,138** |

Quoted market prices in an active market were observed for most of the fixed-income securities held directly and almost all the types of asset held in the mixed investment fund. As a general rule, the fixed-income securities have an investment grade rating.

In terms of amount, the investment in mixed investment funds represents the lion's share of the asset allocation for the plan assets. The deliberate investment in various asset classes and the general restriction to traditional investment instruments serve to ensure a risk-mitigating minimum diversification and also reflect a conservative underlying strategy. The high proportion of bonds with a medium- to long-term benchmark (such as government and corporate bonds, and Pfandbriefe) held in the fund implies low volatility with the intention of balancing the development in the value of the long-term pension commitments that follows general interest rates.

The following table shows a detailed breakdown of the mixed investment fund:

| in % | 2024 | 2023 |
|---|---|---|
| Equities | 5.5 | 6.4 |
| German equities | 0.6 | 0.6 |
| European equities | 2.9 | 4.2 |
| Other equities | 2.0 | 1.6 |
| Government bonds | 30.9 | 33.1 |
| Pfandbriefe | 2.6 | 2.8 |
| Corporate bonds | 43.2 | 41.9 |
| German corporate bonds | 3.6 | 2.9 |
| European corporate bonds | 26.0 | 24.8 |
| Other corporate bonds | 13.6 | 14.2 |
| Fund certificates | 12.2 | 11.9 |
| Cash and cash equivalents/term deposits | 5.6 | 3.9 |
| **Total** | **100.0** | **100.0** |

# Notes to the Balance Sheet (Continued)

The plan assets comprised the Group's own financial instruments, property occupied by HVB Group companies and other assets at the reporting date:

| € millions | 2024 | 2023 |
|---|---|---|
| Participating interests | — | — |
| Debt securities | 11 | 8 |
| Properties | — | — |
| Mixed investment funds | 62 | 65 |
| Property funds | — | — |
| Cash and cash equivalents/term deposits | 38 | 19 |
| Other assets | — | — |
| **Total** | **111** | **92** |

*Future cash flows*
There are financing agreements at HVB Group that contain measures to fund defined benefit plans. The minimum funding requirements included in the agreements may have an impact on future contribution payments. In the case of HVB Trust Pensionsfonds AG, HVB Group is liable for calls for additional capital should the assets fall below the minimum cover provision. The Bank is required to make an additional contribution for HVB Pensionskasse if the permanent financing of the obligations is no longer ensured. No such requirement for calls for additional capital exists for the CTA.

HVB Group intends to make contributions totalling €10 million to defined benefit plans in the 2025 financial year (previous year: €21 million).

The weighted average duration of HVB Group's defined benefit obligations at the reporting date amounted to 14.0 years (previous year: 14.5 years).

***Multi-employer plans***
HVB Group is a member of Versorgungskasse des Bankgewerbes e.V. (BVV), which also includes other financial institutions in Germany in its membership. BVV provides company pension benefits for eligible employees of the sponsoring companies. The BVV tariffs allow for fixed pension payments with profit participation. On account of the employer's statutory subsidiary liability applicable in Germany (Section 1 (1) s.3 of the German Occupational Pensions Act (Betriebsrentengesetz – BetrAVG)), HVB Group classifies the BVV plan as a multi-employer defined benefit plan.

Since the available information is not sufficient to allow this plan to be accounted for as a defined benefit plan by allocating to the individual member companies the assets and the pension obligations relating to active and former employees, HVB Group accounts for the plan as if it were a defined contribution plan.

In the event of a plan deficit, the Group may be exposed to investment risk and actuarial risk. In addition, a need for adjustment might arise from compensating the beneficiaries for inflation. HVB Group does not currently expect to be called upon based on its statutory subsidiary liability.

# Notes to the Balance Sheet (Continued)

HVB Group expects to book employer contributions of €20 million for this pension plan in the 2025 financial year (previous year: €20 million). Due to the former interest rate environment, BVV reduced the payment for the future pension rights in 2016. To exempt the Bank's employees from this reduction in payment, the Bank, as the employer, pays an additional contribution so that employees do not suffer any disadvantage in their future pension rights. This additional contribution amounts to €5 million in the 2025 financial year (previous year: €5 million).

The total contribution income of the BVV in the 2023 financial year amounted to €687 million (2022: €712 million). The figure of the BVV for the 2024 financial year was not yet available at the time of preparing these notes to the consolidated financial statements.

***Defined contribution plans***
HVB Group companies pay fixed amounts for each period to independent pension funds for the defined contribution pension commitments. The contributions for the defined contribution plans recognised as current expense under payroll costs totalled €21 million in the reporting year (previous year: €22 million).

The employer contributions to the statutory pension scheme and the alternative professional pension schemes, which qualify as defined contribution state plans, are similarly included in payroll costs. Such contributions amounted to €81 million in the reporting year (previous year: €85 million).

### Provisions for financial guarantees and irrevocable credit commitments, restructuring provisions and other provisions

| | PROVISIONS FOR FINANCIAL GUARANTEES AND IRREVOCABLE CREDIT COMMITMENTS | | RESTRUCTURING PROVISIONS[1] | | OTHER PROVISIONS | |
|---|---|---|---|---|---|---|
| **€ millions** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** |
| **Balance as at 1/1** | **284** | **330** | **531** | **595** | **703** | **781** |
| Changes in consolidated group | — | — | — | — | — | — |
| Changes arising from foreign currency translation | 1 | — | — | — | — | (1) |
| Transfers to provisions | 141 | 180 | 106 | 334 | 70 | 118 |
| Reversals | (210) | (226) | (36) | (95) | (66) | (105) |
| Reclassifications | — | — | (208) | (188) | 140 | 144 |
| Amounts used | — | — | (66) | (77) | (144) | (212) |
| Non-current assets or disposal groups held for sale | — | — | — | — | — | — |
| Other changes | 1 | — | 18 | (38) | 20 | (22) |
| **Balance as at 31/12** | **217** | **284** | **345** | **531** | **723** | **703** |

1 The transfers and reversals are included in the income statement in the item "Restructuring costs" together with other restructuring costs accruing during the reporting period.

# Notes to the Balance Sheet (Continued)

***Changes in provisions for financial guarantees and irrevocable credit commitments (loss allowances)***

| € millions | STAGE 1 | STAGE 2 | STAGE 3 | TOTAL |
|---|---|---|---|---|
| **Balance as at 1/1/2024** | **49** | **80** | **155** | **284** |
| Addition due to new business | 23 | — | — | 23 |
| Change in carrying amount within the same stage | (12) | (2) | 55 | 41 |
| Transfers to another stage due to deterioration in credit quality | (14) | 27 | 14 | 27 |
| from Stage 1 to Stage 2 | (14) | 31 | — | 17 |
| from Stage 2 to Stage 3 | — | (4) | 9 | 5 |
| from Stage 1 to Stage 3 | — | — | 5 | 5 |
| Transfers to another stage due to improvement in credit quality | 7 | (39) | (4) | (36) |
| from Stage 2 to Stage 1 | 7 | (39) | — | (32) |
| from Stage 3 to Stage 2 | — | — | (4) | (4) |
| from Stage 3 to Stage 1 | — | — | — | — |
| Increase in impairment reported directly in equity for interest claims not recognised in profit or loss | — | — | — | — |
| Changes due to modification of assets not leading to derecognition | — | — | — | — |
| Disposals (reversal due to disposal of receivable) | (8) | (13) | (103) | (124) |
| Disposals (utilisation of impairments) | — | — | — | — |
| Reversal of the discounted amount and recognition of interest claims not previously recognised in profit or loss | — | — | 1 | 1 |
| Foreign currency movements and other changes | — | — | 1 | 1 |
| **Balance as at 31/12/2024** | **45** | **53** | **119** | **217** |
| | | | | |
| **Balance as at 1/1/2023** | **71** | **69** | **190** | **330** |
| Addition due to new business | 37 | — | — | 37 |
| Change in carrying amount within the same stage | (25) | (21) | 101 | 55 |
| Transfers to another stage due to deterioration in credit quality | (30) | 58 | 15 | 43 |
| from Stage 1 to Stage 2 | (30) | 62 | — | 32 |
| from Stage 2 to Stage 3 | — | (4) | 14 | 10 |
| from Stage 1 to Stage 3 | — | — | 1 | 1 |
| Transfers to another stage due to improvement in credit quality | 5 | (8) | (2) | (5) |
| from Stage 2 to Stage 1 | 5 | (8) | — | (3) |
| from Stage 3 to Stage 2 | — | — | (2) | (2) |
| from Stage 3 to Stage 1 | — | — | — | — |
| Increase in impairment reported directly in equity for interest claims not recognised in profit or loss | — | — | — | — |
| Changes due to modification of assets not leading to derecognition | — | — | — | — |
| Disposals (reversal due to disposal of receivable) | (9) | (18) | (150) | (177) |
| Disposals (utilisation of impairments) | — | — | — | — |
| Reversal of the discounted amount and recognition of interest claims not previously recognised in profit or loss | — | — | 1 | 1 |
| Foreign currency movements and other changes | — | — | — | — |
| **Balance as at 31/12/2023** | **49** | **80** | **155** | **284** |

# Notes to the Balance Sheet (Continued)

***Restructuring provisions***
Restructuring provisions in the reporting year continue to be based on measures built on the already existing UniCredit Unlocked strategic plan. The strategic guidelines of the groupwide Unlocked plan in terms of simplification, customer focus and digitalisation are still valid. In the reporting period, further strategic measures were started or continued as part of the UniCredit Unlocked strategic plan to support the achievement of the long-term goals of the strategic plan. Among other things, this includes the structural change and reorganisation of the areas Client Solutions, Finance, Digital & Operations, Risk Management, Legal, Internal Audit and People & Culture. As a further supportive measure to achieve these goals, a programme has been established that is leading to adjustments in the management structure and thus to the elimination of certain management positions in various competence lines and divisions.

These measures require further adjustments to be made in the Bank's staff planning. The largest part of the restructuring provisions relates to the continued socially compatible reduction in HVB's staffing levels, which is to be achieved above all by natural fluctuation, early retirement solutions and severance agreements.

The current restructuring provisions are likely to be utilised over the next two financial years with the largest portion being utilised in 2025.

In the previous-year period, restructuring provisions primarily related to the area of staffing. Furthermore, in 2023, HVB assumed the pro-rata costs for restructuring measures for IT activities and other service areas of UniCredit S.p.A. that provides its services for HVB Group.

***Other provisions***
***Changes in other provisions***

| € millions | PAYROLL PROVISIONS | PROVISIONS RELATED TO TAX DISPUTES (WITHOUT INCOME TAXES) | PROVISIONS FOR RENTAL GUARANTEES AND DISMANTLING OBLIGATIONS | PROVISIONS FOR LEGAL RISKS AND SIMILAR RISKS | OTHER PROVISIONS | TOTAL OTHER PROVISIONS |
|---|---|---|---|---|---|---|
| **Balance as at 1/1/2024** | **392** | **42** | **73** | **137** | **59** | **703** |
| Changes in consolidated group | — | — | — | — | — | — |
| Changes arising from foreign currency translation | — | — | — | — | — | — |
| Transfers to provisions | 27 | 4 | 1 | 7 | 31 | 70 |
| Reversals | (3) | (1) | (10) | (15) | (37) | (66) |
| Reclassifications | 140 | — | 1 | — | (1) | 140 |
| Amounts used | (102) | (14) | (14) | (9) | (5) | (144) |
| Non-current assets or disposal groups held for sale | — | — | — | — | — | — |
| Other changes | 10 | 1 | 5 | — | 4 | 20 |
| **Balance as at 31/12/2024** | **464** | **32** | **56** | **120** | **51** | **723** |
| | | | | | | |
| **Balance as at 1/1/2023** | **317** | **116** | **105** | **158** | **85** | **781** |
| Changes in consolidated group | — | — | — | — | — | — |
| Changes arising from foreign currency translation | — | — | — | — | (1) | (1) |
| Transfers to provisions | 46 | 24 | 1 | 6 | 41 | 118 |
| Reversals | (5) | (26) | (16) | (9) | (49) | (105) |
| Reclassifications | 144 | — | — | — | — | 144 |
| Amounts used | (95) | (68) | (16) | (22) | (11) | (212) |
| Non-current assets or disposal groups held for sale | — | — | — | — | — | — |
| Other changes | (15) | (4) | (1) | 4 | (6) | (22) |
| **Balance as at 31/12/2023** | **392** | **42** | **73** | **137** | **59** | **703** |

# Notes to the Balance Sheet (Continued)

Payroll provisions carried under other provisions include long-term obligations to employees such as provisions for service anniversary awards, early retirement or partial retirement. In addition, payroll provisions cover the parts of the bonus that are disbursed on a deferred basis, or transferred in cases where the bonus is granted in the form of shares, with the waiting period exceeding one year. The disbursement of these bonuses is additionally dependent upon the achievement of pre-defined targets. The bonus commitments for the 2019, 2020, 2021, 2022, 2023 and 2024 financial years to be disbursed as of 2025 are included here accordingly. The bonus provisions included here have been taken to the income statement in both the reporting year and in the previous financial years. It is considered highly likely that the bonus will be disbursed. For details of the bonus plan, please refer to the Note "Operating costs".

The amount of the respective provisions reflects the best estimate of the amount required to settle the obligation at the reporting date. Nevertheless, estimating the amounts of these provisions is subject to uncertainties. In the case of rental guarantees in particular, cost estimates are validated on a regular basis in addition to the assumptions regarding terms.

## 75 Shareholders' equity

The shareholders' equity of HVB Group as at 31 December 2024 consisted of the following:

***Subscribed capital (share capital)***

On 31 December 2024 and on 31 December 2023, the share capital of UniCredit Bank GmbH (HVB) amounted to €2,407 million and was divided into 802,383,672 shares with the consecutive numbers 1 to 802,383,672 at a nominal amount of €3.00 each. All of the shares were taken over by UniCredit S.p.A. The capital contributions were made through a change in the legal form of the previous legal entity, UniCredit Bank AG headquartered in Munich, registered in the Commercial Register of Munich Local Court under HRB 42148, in accordance with the resolution on the change in legal form adopted on 11 December 2023. After registration of the change in legal form, the assets of UniCredit Bank AG became the assets of the company.

***Additional paid-in capital***

The additional paid-in capital results from premiums generated on the issuance of shares; the total at 31 December 2024 amounted to €9,791 million (previous year: €9,791 million).

***Other reserves***

Other reserves of €4,131 million (previous year: €4,319 million) mainly contain retained earnings. The decline is largely attributable to actuarial losses of €88 million and valuation losses of €33 million on owner-occupied property. Furthermore, payments of €99 million for additional equity instruments were made from other reserves.

***Change in valuation of financial instruments***

The hedge reserve shows a year-on-year increase of €8 million to €6 million.

The FVTOCI reserve of minus €80 million (previous year: minus €8 million) contains the difference between the amortised cost and the fair value of the securities holdings allocated to this category. In the reporting year, the FVTOCI reserve was reduced by €72 million after tax through other comprehensive income in the consolidated statement of total comprehensive income.

# Notes to the Balance Sheet (Continued)

***Additional equity instruments***
In October 2020, HVB issued regulatory own funds in the form of two additional Tier 1 issues (AT1 bonds), which were fully subscribed by UniCredit S.p.A. The Bank is optimising its capital structure with the issues, also against the backdrop of the changes in regulatory requirements by the European Banking Authority (EBA). The AT1 bonds meet the criteria set out in the Capital Requirements Regulation (CRR II) and can be used to meet MREL requirements (SRMR II).

The AT1 bonds, which have a volume of €1,000 million and €700 million respectively and an indefinite term, are unsecured and subordinate. AT1 bonds can only be terminated by the issuer. As the issuer, HVB has the right to waive interest in whole or in part at its discretion. The bond terms stipulate a temporary write-down in the event that the Bank's CET 1 ratio falls below the 5.125% mark on a stand-alone basis or consolidated basis pursuant to the CRR. Under certain conditions, a (re-)write-up is possible at HVB's discretion.

In addition, the issues have the following features:
– The issue of €1,000 million can be called in for the first time after five years and initially bears 5.794% interest for five years; from 20 October 2025 the interest rate corresponds to the 5-year EUR mid-market swap rate of +6.250% p.a. until the next interest rate adjustment date after five years.
– The issue of €700 million can be called in for the first time after six years and initially bears 5.928% interest for six years; from 20 October 2026 the interest rate corresponds to the 5-year EUR mid-market swap rate of +6.350% p.a. until the next interest rate adjustment date after five years.

In October 2024, interest of €99 million was paid on both instruments. This amount was disbursed on a gross basis (€99 million) within shareholders' equity as payment on additional equity instruments and charged to retained earnings. The interest payments are tax deductible. The tax effect of €31 million was recognised through profit or loss in the income statement under the "Income taxes" item.

The AT1 bonds are shown as additional Tier 1 capital (AT1) under regulatory own funds; the interest is recognised as appropriation of profit based on a resolution of HVB's Executive Board.

***Notes on the appropriation of profit***
In the 2024 financial year, the profit available for distribution disclosed in the annual financial statements of HVB, which forms the basis for the appropriation of profit, amounts to €1,920 million. We will propose to the Shareholders' Meeting that the profit available for distribution of €1,920 million be paid to UniCredit S.p.A. (UniCredit), Milan, Italy. This represents a profit distribution of around €2.39 per share after around €2.15 per share for the 2023 financial year. The profit available for distribution of €1,725 million reported in the previous year was paid to UniCredit S.p.A. on 6 May 2024 according to the resolution of the Shareholders' Meeting of 25 March 2024.

# Notes to the Balance Sheet (Continued)

## 76 Subordinated capital

The following table shows the breakdown of subordinated capital included in the balance sheet items "Deposits from banks", "Debt securities in issue" and "Shareholders' equity":

| € millions | 2024 | 2023 |
|---|---|---|
| Subordinated liabilities | 1,099 | 1,110 |
| Hybrid capital instruments | 1,700 | 1,700 |
| **Total** | **2,799** | **2,810** |

In October 2020, HVB issued regulatory own funds in the form of two **additional Tier 1 issues (AT1 bonds)**, which were fully subscribed by UniCredit S.p.A. The Bank is optimising its capital structure with the issues, also against the backdrop of the changes made in regulatory requirements by the European Banking Authority (EBA). The AT1 bonds meet the criteria specified in the Capital Requirements Regulation (CRR II) and can be used to meet MREL requirements (SRMR II). The instruments are presented in detail in the note on shareholders' equity

At the end of June 2020, HVB issued regulatory own funds in the form of a **Tier 2 capital bond (Tier 2 bond)**, which was fully subscribed by UniCredit S.p.A. The Bank is optimising its capital structure with the issue, also against the backdrop of the changes made in regulatory requirements by the European Banking Authority (EBA). The subordinated bond meets the criteria for Tier 2 capital specified in the Capital Requirements Regulation (CRR II) and can also be used to meet MREL requirements (SRMR II).

The subordinated bond has a volume of €800 million and a maturity of ten years with a call provision for the issuer after five years. The bond has a fixed interest rate of 3.469% per annum for the first five years, which is re-determined after five years based on the five-year swap rate valid at that time plus a 380 basis point spread, as long as the bond has not been repaid after five years.

In this context, subordinated liabilities have been classified as Tier 2 capital for banking supervisory purposes in accordance with the provisions of Articles 62 (1a), 63 to 65, 66 (1a) and 67 CRR. The AT1 bonds issued in the amount of €1,700 million are recognised as additional Tier 1 capital instruments pursuant to Article 51 ff CRR for banking supervisory purposes.

The following table shows the breakdown of subordinated capital by balance sheet item:

| € millions | 2024 | 2023 |
|---|---|---|
| Deposits from customers | — | — |
| Deposits from banks | 230 | 230 |
| Debt securities in issue | 869 | 880 |
| Shareholders' equity | 1,700 | 1,700 |
| **Total** | **2,799** | **2,810** |

We incurred interest expenses of €28 million (previous year: €27 million) in connection with this subordinated capital. Subordinated capital includes pro rata interest of €16 million (previous year: €17 million).

# Notes to the Balance Sheet (Continued)

***Subordinated liabilities***
Borrowers cannot be obliged to make early repayments for any of the subordinated liabilities. In the event of insolvency or liquidation, subordinated liabilities may only be repaid after the claims of all primary creditors have been settled.

There were subordinated liabilities of €230 million payable to related parties in the reporting year (previous year: €230 million).

***Hybrid capital instruments***
Hybrid core capital instruments include two AT1 bonds issued in 2020 totalling €1,700 million, which are accounted for under regulatory own funds as additional Tier 1 capital. These bonds are wholly held by UniCredit S.p.A. Please refer to the note on shareholders' equity for further details.

# Notes to the Cash Flow Statement

## 77 Notes to the items in the cash flow statement

The cash flow statement shows the cash flows for the financial year, divided into the areas "operating activities", "investing activities" and "financing activities". Operating activities are defined broadly enough to allow the same breakdown as for operating profit.

The cash and cash equivalents shown correspond to the "Cash and cash balances" item in the balance sheet, comprising both cash on hand and balances at central banks repayable on demand.

The "Change in other non-cash positions" item comprises the changes in the measurement of financial instruments and investment properties, net additions to deferred taxes, changes in provisions, changes in prorated and deferred interest, the reversal of premiums and discounts, changes from measurement using the equity method, deconsolidation results and minority interests in net income.

All proceeds and payments from transactions relating to shareholders' equity and subordinated capital are allocated to cash flows from financing activities. As in the previous year, there was no change with an effect on cash flow in the holdings of subordinated and hybrid capital included as financing liabilities in the cash flows from financing activities in the reporting period.

There were no significant gains on the disposal of shares in fully consolidated companies in the 2024 and 2023 financial years.

There were no significant acquisitions of subsidiaries or associates in the 2024 and 2023 financial years.

As in the previous year, no significant fully consolidated subsidiaries were sold in the financial year.

# Other Information

## 78 Report on events after the reporting period
There were no events of particular significance after 31 December 2024 to report.

## 79 Information regarding lease operations
**HVB Group as lessee**
Under IFRS 16 the accounting of leases by the lessee is carried out on the basis of a uniform accounting model (referred to as right-of-use approach).

The rental and lease agreements entered into by HVB Group as the lessee relate to real estate (land and buildings) on the one hand and movables (plant and office equipment including vehicles) on the other. Lease agreements for real estate are generally concluded for a non-cancellable basic term of ten years for new leases and include extension options with periods of between three and five years in around half of the cases. These agreements also contain price adjustment clauses in the form of graduated rent or index clauses; termination or purchase options are not usually agreed. The extension options are used to give HVB Group the maximum operational flexibility in relation to the assets used by the Bank. Most of these contractual options can only be exercised by HVB Group as the lessee and not by the respective lessor. HVB Group does not expect this to result in any significant cash outflows in the future that were not taken into account in the measurement of the lease liability. The lease agreements for movables have been concluded at customary market terms for lease periods of between three and nine years. No variable lease payments were agreed for any of the lease agreements concluded by HVB Group as the lessee. The Bank's obligations under leases are secured by the respective lessor's rights of ownership of the leased assets. Therefore, leased items may not be used as security for borrowing.

***Amounts recognised in the consolidated balance sheet***
In the consolidated balance sheet the following items were recognised in connection with leases where HVB Group is lessee.

The following table shows the carrying amount of the right-of-use assets reported under property, plant and equipment at the reporting date by class of underlying asset:

| € millions | 2024 | 2023 |
|---|---|---|
| Right-of-use assets (property, plant and equipment) | | |
| Leased land and buildings | 106 | 130 |
| Leased plant and office equipment | 6 | 8 |
| **Carrying amount as at 31/12** | **112** | **138** |

Additions to the right-of-use assets recognised under property, plant and equipment amounted to €42 million during the reporting year (previous year: €58 million).

The carrying amount of the lease liabilities reported under the items "Deposits from customers" and "Deposits from banks" at the reporting date is as follows:

| € millions | 2024 | 2023 |
|---|---|---|
| Lease liabilities | 235 | 303 |
| **Carrying amount as at 31/12** | **235** | **303** |

# Other Information (Continued)

The following table contains a maturity analysis for the lessee's lease liabilities and shows the undiscounted lease payments to be made after the reporting date:

| € millions | 2024 | 2023 |
|---|---|---|
| up to 1 year | 39 | 69 |
| from 1 year to 2 years | 124 | 38 |
| from 2 years to 3 years | 19 | 122 |
| from 3 years to 4 years | 17 | 19 |
| from 4 years to 5 years | 9 | 16 |
| from 5 years and over | 48 | 65 |
| **Total** | **256** | **329** |

HVB Group sees no significant liquidity risk with regard to lease liabilities. The lease liabilities are monitored by the Bank's Treasury unit.

***Amounts recognised in the consolidated income statement***
The consolidated income statement contains the following amounts in connection with leases in which HVB Group is the lessee.

The following table shows the depreciation charge on the right-of-use assets contained in property, plant and equipment for the financial year by class of underlying assets. The write-downs are recognised under the item "Amortisation, depreciation and impairment losses on intangible and tangible assets" within operating costs:

| € millions | 2024 | 2023 |
|---|---|---|
| Depreciation expense from right-of-use assets (property, plant and equipment) | | |
| Leased land and buildings | 20 | 34 |
| Leased plant and office equipment | 5 | 5 |
| **Total** | **25** | **39** |

The depreciation charge on the right-of-use assets reported under property, plant and equipment totalling €25 million (previous year: €39 million) consists of scheduled depreciation of €32 million recognised as disposals (previous year: €40 million), non-scheduled depreciation (impairments) of €4 million (previous year: €9 million) and write-ups (impairment reversals) of €11 million recognised as additions (previous year: €10 million).

The effect recognised in interest expense from the accrued interest added to lease liabilities for the financial year is as follows:

| € millions | 2024 | 2023 |
|---|---|---|
| Interest expense from lease liabilities | 1 | 2 |

# Other Information (Continued)

The following table shows other expenses and income in connection with leases of the lessee that were recognised in the consolidated income statement during the financial year. Expenses in connection with short-term lease agreements and leases based on low-value assets are recognised under the item “Other administrative expenses”, whereas income from subleasing the right-of-use assets is shown as other operating income under property, plant and equipment:

| € millions | 2024 | 2023 |
|---|---|---|
| Expense from short-term leases | 6 | 7 |
| Expense from leases for low-value assets (excl. expense from short-term leases based on an asset of low value) | — | 1 |
| Income from subleases of right-of-use assets (property, plant and equipment) | — | — |

Right-of-use assets that meet the definition of an investment property and are reported as such were not included in the above disclosures on the carrying amount, additions, depreciation charge or income from the subleasing of right-of-use assets. Disclosures on such right-of-use assets can generally be found in the Note “Investment properties”.

In the reporting year, cash outflows from leases totalled €79 million (previous year: €83 million).

**HVB Group as lessor**

The range of lease and hire-purchase products was changed within the framework of the “Team 23” strategic plan: Instead of the HVB subsidiary UniCredit Leasing GmbH, Hamburg, offering its own range of products, these are provided by an external cooperation partner. UniCredit Leasing GmbH and its subsidiaries thus discontinued selling lease and hire-purchase products with effect from 1 August 2020. Existing agreements are being continued and existing liabilities are being settled in full. As a result of the discontinuation of these sales, the number of lease agreements has decreased as agreements falling due are not replaced by new business.

According to IFRS 16, the lessor is required to classify leases either as operating leases or finance leases (dual lessor accounting model).

***Operating leases***

HVB Group acts as lessor in operating leases. These lease agreements mainly include real estate (land and buildings) and movable assets such as plant and office equipment, motor vehicles and industrial machinery. The lease agreements for real estate have terms of between three and five years. These agreements are based on customary market terms and include extension options and price adjustment clauses in the form of graduated rent or index clauses; termination options are not agreed. If the lessee exercises its right to extend the lease agreement, market review clauses are used. By contrast, lease agreements for the lessee do not usually include any option to purchase the leased property at the end of the lease period. Unguaranteed residual values do not represent a significant risk for HVB Group, as these relate to properties that have exhibited a steadily increasing trend in market values over many years. The Bank sees no indication of this trend changing in the future. Lease agreements for movable assets are generally concluded for terms of between four and ten years and include an additional purchase option; they do not include extension or price adjustment clauses. No variable lease payments were agreed by HVB Group as lessor in the concluded operating lease agreements.

# Other Information (Continued)

The following table shows the lease income from lessor operating leases in the consolidated income statement during the financial year:

| € millions | 2024 | 2023 |
|---|---|---|
| Income from operating leases | 53 | 46 |

The following table contains a maturity analysis of undiscounted payments from operating leases that the lessor will receive in the future:

| € millions | 2024 | 2023 |
|---|---|---|
| up to 1 year | 27 | 37 |
| from 1 year to 2 years | 20 | 27 |
| from 2 years to 3 years | 17 | 25 |
| from 3 years to 4 years | 15 | 19 |
| from 4 years to 5 years | 14 | 14 |
| from 5 years and over | 30 | 37 |
| **Total** | **123** | **159** |

At the end of the reporting period, the carrying amount of the assets included in property, plant and equipment that are the subject of an operating lease amounts to €21 million (previous year: €22 million).

***Finance leases***

HVB Group acts as lessor under finance leases and leases out mobile assets. These mainly include plant and office equipment, aircraft, motor vehicles and industrial machinery. As a general rule, the lease agreements stipulate lease periods of between four and ten years and possibly a pre-emptive right in favour of the lessor; they do not contain any extension or premature termination options or price adjustment clauses. The residual risk for these leased assets is insignificant because there is a secondary market. No variable lease payments were agreed by HVB Group as lessor in the finance leases concluded.

The following table shows the amounts recognised in the consolidated income statement for finance leases held by the lessor during the financial year:

| € millions | 2024 | 2023 |
|---|---|---|
| Gains/(losses) on the disposal of finance leases | 2 | 4 |
| Finance income from the net investment in the lease (interest income from finance lease receivables) | 4 | 6 |

The following table contains a maturity analysis of the lessor's existing loans and receivables with customers or banks (at cost) from the lease operations (finance lease receivables) and shows the undiscounted lease payments to be received after the reporting date. The subsequent reconciliation to the net investment in the lease makes the unguaranteed residual value and the still unrealised finance income transparent in relation to the lease receivables:

| € millions | 2024 | 2023 |
|---|---|---|
| up to 1 year | 97 | 174 |
| from 1 year to 2 years | 85 | 93 |
| from 2 years to 3 years | 34 | 85 |
| from 3 years to 4 years | 17 | 34 |
| from 4 years to 5 years | 8 | 17 |
| from 5 years and over | 13 | 28 |
| **Total amount of undiscounted lease payments to be received** | **254** | **431** |
| + Unguaranteed residual value | — | — |
| **= Gross investment in the lease** | **254** | **431** |
| - Unrealised finance income | (11) | (18) |
| **= Net investment in the lease (finance lease receivables)** | **243** | **413** |

# Other Information (Continued)

The total amount of undiscounted lease payments comprises the payments to be made in total by the lessee to the lessor under the finance lease including any residual value guarantees.

The unguaranteed residual value is that part of the residual value of the underlying asset whose realisation is not secured by the lessor.

The gross investment in the lease is the sum of the lease payments and the unguaranteed residual value.

Unrealised finance income is the difference between the gross investment in the lease and its present value (net investment). It corresponds to the return implicit in the lease between the reporting date and the end of the lease.

The net investment in the lease (finance lease receivables) is therefore determined by discounting the gross investment at the interest rate on which the lease is based.

**80 Fair value hierarchy**

The changes in financial instruments measured at fair value and recognised at fair value in the balance sheet are described below, notably with regard to the fair value hierarchy.

This fair value hierarchy is divided into the following levels:

Level 1 contains financial instruments measured using prices of identical assets or liabilities listed on active markets. These prices are incorporated unchanged. This category mainly includes listed equity instruments, bonds and exchange-traded derivatives.

Level 2 shows assets and liabilities whose valuation is derived from input data (valuation parameters) that are directly observable (prices) or indirectly observable (derived from prices). No price can be observed on an active market for the assets and liabilities concerned themselves. As a result of this, we notably show the fair values of interest rate and credit derivatives in this level together with the fair values of ABS bonds, provided a liquid market exists for the asset class in question.

Financial assets or liabilities of €284 million (previous year: €1,099 million) were transferred from Level 1 to Level 2. At the same time, financial assets or liabilities of €471 million (previous year: €392 million) were transferred from Level 2 to Level 1. Most of the transfers relate to securities and are due to an increase or decrease in the actual trading taking place in the securities concerned and the associated change in the bid-offer spreads and thus in the liquidity of the respective security.

# Other Information (Continued)

The following table shows transfers between Level 1 and Level 2 for financial instruments where fair value is determined on a recurring basis:

| € millions | TO LEVEL 1 | TO LEVEL 2 |
|---|---|---|
| **Financial assets held for trading** | | |
| Transfer from Level 1 | — | 284 |
| Transfer from Level 2 | 213 | — |
| **Financial assets at FVTPL** | | |
| Transfer from Level 1 | — | — |
| Transfer from Level 2 | 47 | — |
| **Financial assets at FVTOCI** | | |
| Transfer from Level 1 | — | — |
| Transfer from Level 2 | 211 | — |
| **Financial liabilities held for trading** | | |
| Transfer from Level 1 | — | — |
| Transfer from Level 2 | — | — |
| **Financial liabilities at FVTPL** | | |
| Transfer from Level 1 | — | — |
| Transfer from Level 2 | — | — |

31 December is considered the transfer date for instruments transferred between levels within the reporting period (1 January to 31 December). Therefore, the fair value as at 31 December is used as the value recognised for the transfer in levels.

Level 3 relates to assets or liabilities for which the fair value cannot be calculated exclusively on the basis of observable market data (non-observable input data). The amounts involved are stated in Level 2 if the impact of the non-observable input data on the determination of fair value is insignificant. Thus, the respective fair values also incorporate valuation parameters based on model assumptions. This includes derivatives and structured products that contain at least one “exotic” component, such as foreign currency or interest rate derivatives on illiquid currencies, derivatives without standard market terms, structured products with an illiquid underlying as a reference and ABS bonds of an asset class for which no liquid market exists.

Where the value of a financial instrument is based on non-observable valuation parameters, the value of these parameters may be selected from a range of possible appropriate alternatives at the reporting date. Appropriate values are determined for these non-observable parameters and applied for valuation purposes, upon valuation as at 31 December 2024. In addition, individual parameters that cannot be incorporated separately in the valuation model as standalone valuation parameters are taken into account by applying a model reserve.

# Other Information (Continued)

The following measurement methods are applied for the individual classes of financial instrument depending on the product type. The measurements of financial instruments in fair value Level 3 depend upon the following significant parameters that cannot be observed on the market:

| PRODUCT TYPE | MEASUREMENT METHOD | SIGNIFICANT NON-OBSERVABLE PARAMETERS | RANGE |
|---|---|---|---|
| Fixed-income securities and other debt instruments | Market approach | Price | 1bps - 809bps |
| Equities | Market approach | Price | 0% - 3% |
| Asset-backed securities (ABS) | DCF method | Credit spread curves | 62bps - 980bps |
| | | Residual value | 0% - 70% |
| | | Default rate | 0% - 3% |
| | | Prepayment rate | 0% - 30% |
| Commodity/equity derivatives | Option price model | Commodity price volatility/equity volatility | 1% - 18% |
| | | Correlation between commodities/equities | 2% - 25% |
| | DCF method | Dividend yields | 1% - 26% |
| Interest rate derivatives | DCF method | Swap interest rate | 0bps - 587bps |
| | | Inflation swap interest rate | 3bps - 12bps |
| | Option price model | Inflation volatility | 1% - 3% |
| | | Interest rate volatility | 0% - 29% |
| | | Correlation between interest rates | 0% - 22% |
| Credit derivatives | Hazard rate model | Credit spread curves | 1bps - 67bps |
| | | Residual value | 0% - 5% |
| Currency derivatives | DCF method | Yield curves | 0bps - 587bps |
| | Option price model | FX volatility | 0% - 45% |

The sensitivity analysis presented below shows the impact of changing reasonable possible alternative parameter values on the fair value of financial instruments classified as Level 3. The level of variation in non-observable parameters reflects the prevailing market conditions regarding the valuation of sensitivities. For holdings at fair value through profit or loss, the positive and negative fair value changes would amount to a plus or minus of €73 million respectively at the reporting date (previous year: a plus or minus of €64 million respectively).

The following table shows the significant sensitivity effects, broken down by the individual classes of financial instrument for the various product types:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **€ millions** | **POSITIVE** | **NEGATIVE** | **POSITIVE** | **NEGATIVE** |
| Fixed-income securities and other debt instruments | — | — | — | — |
| Equities | — | — | — | — |
| Asset-backed securities | — | — | — | — |
| Commodity/equity derivatives | 65 | (65) | 59 | (59) |
| Interest rate derivatives | 4 | (4) | 4 | (4) |
| Credit derivatives | 2 | (2) | — | — |
| Currency derivatives | 2 | (2) | 1 | (1) |
| **Total** | **73** | **(73)** | **64** | **(64)** |

For fixed-income securities and other debt instruments as well as asset-backed securities, the credit spread curves were changed in the course of the sensitivity analyses. For equities, the spot price is varied using a relative value.

# Other Information (Continued)

The following non-observable parameters were varied for the sensitivity analysis for equity derivatives included in Level 3: spot prices for hedge funds, implicit volatility, dividends, implicit correlations and assumptions regarding the interpolation between individual parameters observable on the market, such as volatilities. For interest rate products, interest rates, interest rate correlations and implicit volatilities were varied during the sensitivity analysis. For credit derivatives, shifts in the risk premium curves for credit risk were assumed together with changes in implicit correlations and increases in default rates. Foreign currency derivatives were varied in terms of the implicit volatility.

Where trades are executed for which the trade price deviates from the fair value at the trade date and non-observable parameters are employed to a considerable extent in valuation models, the financial instrument concerned is recognised at the trade price. This difference between the trade price and the fair value of the valuation model is defined as the trade date gain/loss. Corresponding gains and losses determined at the trade date are deferred and recognised in the income statement over the term of the trade. As soon as a reference price can be determined for the trade on an active market, or the input parameters are based on observable market data, the deferred trade date gain is taken directly to the income statement in net trading income.

The following table shows a year-on-year comparison of changes in trade date gains and losses that were deferred on account of the application of significant non-observable parameters for financial instruments recognised at fair value:

| **€ millions** | **2024** | **2023** |
|---|---|---|
| **Balance as at 1/1** | **18** | **27** |
| New trades during the period | 15 | 4 |
| Write-downs | 3 | (2) |
| Expired trades | 6 | — |
| Retroactive change in observability | 5 | 15 |
| Exchange rate changes | — | — |
| **Balance as at 31/12** | **19** | **18** |

The following table shows the allocation of the financial assets and financial liabilities recognised in the balance sheet at fair value to the respective levels of the fair value hierarchy:

| | **FAIR VALUE OBSERVED ON AN ACTIVE MARKET (LEVEL 1)** | | **FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2)** | | **FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET (LEVEL 3)** | |
|---|---|---|---|---|---|---|
| **€ millions** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** |
| **Financial assets recognised in the balance sheet at fair value** | | | | | | |
| Financial assets held for trading | 17,261 | 18,285 | 49,691 | 49,046 | 1,404 | 1,280 |
| of which derivatives | 2,152 | 2,738 | 41,928 | 42,020 | 1,333 | 1,157 |
| Financial assets at FVTPL | 971 | 1,552 | 902 | 966 | 590 | 697 |
| Financial assets at FVTOCI | 13,702 | 8,366 | 194 | 886 | — | — |
| Hedging derivatives | — | — | 7,849 | 405 | 2 | 4 |
| | | | | | | |
| **Financial liabilities recognised in the balance sheet at fair value** | | | | | | |
| Financial liabilities held for trading | 3,709 | 6,888 | 43,868 | 40,383 | 1,082 | 1,266 |
| of which derivatives | 3,317 | 4,822 | 40,470 | 36,860 | 906 | 892 |
| Financial liabilities at FVTPL | — | — | 3,450 | 4,416 | 113 | 244 |
| Hedging derivatives | — | — | 10,285 | 98 | 85 | 5 |

# Other Information (Continued)

The following table shows the changes in the financial assets allocated to Level 3 in the fair value hierarchy:

| € millions | FINANCIAL ASSETS HELD FOR TRADING | FINANCIAL ASSETS AT FVTPL | FINANCIAL ASSETS AT FVTOCI | HEDGING DERIVATIVES |
|---|---|---|---|---|
| **Balance as at 1/1/2024** | **1,280** | **697** | **—** | **4** |
| Additions | | | | |
| Purchases | 942 | 194 | — | 2 |
| Realised gains[1] | 59 | 17 | — | — |
| Transfer from other levels | 72 | — | — | — |
| Other additions[2] | 21 | 3 | — | — |
| Disposals | | | | |
| Sales | (698) | (193) | — | (4) |
| Repayment | — | (1) | — | — |
| Realised losses[1] | (143) | (41) | — | — |
| Transfer to other levels | (123) | (85) | — | — |
| Other disposals | (6) | (1) | — | — |
| **Balance as at 31/12/2024** | **1,404** | **590** | **—** | **2** |
| | | | | |
| **Balance as at 1/1/2023** | **2,303** | **1,079** | **—** | **6** |
| Additions | | | | |
| Purchases | 484 | 194 | — | — |
| Realised gains[1] | 82 | 44 | — | — |
| Transfer from other levels | 206 | 7 | — | — |
| Other additions[2] | 6 | 8 | — | — |
| Disposals | | | | |
| Sales | (1,009) | (244) | — | (1) |
| Repayment | — | (100) | — | — |
| Realised losses[1] | (488) | (85) | — | (1) |
| Transfer to other levels | (278) | (198) | — | — |
| Other disposals | (26) | (8) | — | — |
| **Balance as at 31/12/2023** | **1,280** | **697** | **—** | **4** |

1 In the income statement and shareholders' equity.
2 Also including changes in the group of companies included in consolidation.

The decrease in Level 3 instruments within financial assets at FVTPL is largely due to net transfers to other levels. These result from the regular review of the fair value levels determined and the materiality of individual non-observable parameters. A moderate increase was recorded in assets held for trading. The decrease in Level 3 instruments within hedging derivatives is primarily due to completed transactions.

# Other Information (Continued)

The following table shows the changes in the financial liabilities allocated to Level 3 in the fair value hierarchy:

| € millions | FINANCIAL LIABILITIES HELD FOR TRADING | FINANCIAL LIABILITIES AT FVTPL | HEDGING DERIVATIVES |
|---|---|---|---|
| **Balance as at 1/1/2024** | **1,266** | **244** | **5** |
| Additions | | | |
| Sales | 408 | — | — |
| Issues | 147 | 4 | 82 |
| Realised losses[1] | 135 | 5 | — |
| Transfer from other levels | 40 | 3 | — |
| Other additions[2] | 11 | — | — |
| Disposals | | | |
| Buy-backs | (289) | (6) | — |
| Repayment | (73) | (6) | — |
| Realised gains[1] | (119) | — | — |
| Transfer to other levels | (424) | (131) | (2) |
| Other disposals | (20) | — | — |
| **Balance as at 31/12/2024** | **1,082** | **113** | **85** |
| | | | |
| **Balance as at 1/1/2023** | **1,897** | **283** | **—** |
| Additions | | | |
| Sales | 148 | — | — |
| Issues | 165 | 101 | — |
| Realised losses[1] | 127 | 18 | — |
| Transfer from other levels | 275 | 22 | 5 |
| Other additions[2] | 46 | 1 | — |
| Disposals | | | |
| Buy-backs | (472) | (16) | — |
| Repayment | (30) | (56) | — |
| Realised gains[1] | (333) | (6) | — |
| Transfer to other levels | (540) | (101) | — |
| Other disposals | (17) | (2) | — |
| **Balance as at 31/12/2023** | **1,266** | **244** | **5** |

1 In the income statement and shareholders' equity.
2 Also including changes in the group of companies included in consolidation.

The decrease in Level 3 instruments within financial liabilities at FVTPL is largely due to net transfers to other levels that are primarily attributable to bonds and notes. These result from the regular review of the fair value levels determined and the materiality of individual non-observable parameters. A moderate decrease was seen in financial liabilities held for trading. The considerable increase in Level 3 instruments within hedging derivatives is due to newly concluded transactions.

# Other Information (Continued)

## 81 Fair values of financial instruments compliant with IFRS 7

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is assumed in this context that the transaction is conducted on the primary market for the instrument or the most advantageous market to which the Bank has access.

The calculation of the fair value for performing loans is explained to begin with. The fair value of loans is calculated as the sum total of the discounted, risk-adjusted anticipated cash flows discounted on the basis of the swap curve. Cash flows are determined on the basis of the conditions of the loan agreement (interest and redemption), whereby rights of termination are taken into account. In this context, the anticipated, risk-adjusted cash flows are based on the survival probability and the loss given default. The survival probability is determined on the basis of the risk-neutral probability of default, while the realisation proceeds are determined on the basis of the internal loss given default parameters. The risk-neutral probability of default is determined on the basis of the internally calculated multi-year probability of default covering the lifetime of the financial instrument (as real-world probability of default), the market risk premium and the correlation between the respective loan and the general market risk. The market risk premium represents a factor used to cover the difference between the real-world probability of default and the market's return expectations for the risk assumed. The loan portfolio is divided into five sectors (sovereign loans, loans to banks, corporate loans, syndicated loans and retail loans) in order to take account of the specific features of each sector. For each of these sectors with the exception of retail loans, the market risk premium is first determined on the basis of a portfolio of liquid CDS prices specific to the respective sector. Only for retail loans is the market risk premium derived from the market risk premiums for the other sectors due to the absence of a CDS market (except for syndicated loans). Furthermore, the fair value calculated by the model is calibrated in order to take account of the difference between this value and the fair value upon addition. This is in line with the assumption based on IFRS 13.58 according to which the transaction price reflects the fair value.

The realisation proceeds estimated by the Bank are taken as a basis to determine the fair value of non-performing loans. These already take account of the expected credit default. The maturities of the expected realisation proceeds are determined using model assumptions. These cash flows are discounted at a market interest rate to establish the fair value.

The fair value calculation for loans and receivables is built around the risk-neutral credit spread, which takes account of all relevant factors on the market. Further parameters besides the risk-neutral credit spread and the risk-free return on investment are not included. Provided the markets are liquid and no relevant market disruptions are evident, as is currently the case, the arbitrage between the markets on which credit risks are traded leads to a narrowing of the credit spreads. The CDS market adjusted by product-specific factors is thus defined as the relevant exit market for loans and receivables. Otherwise, the parameters used to determine the real-world probability of default (PD) and loss given default (LGD) are determined on the basis of internal procedures.

Levels are allocated based on a sensitivity analysis. This involves determining a range for the internal parameters when calculating the respective fair value, within which the internal parameters may fluctuate based on realistic assumptions. To date, in order to calculate the sensitivity, the internal parameter was replaced by the value with the highest deviation in the estimated range, and based on that figure the fair value was recalculated. As long as the deviation of the fair value determined using this method is insignificant compared with the originally determined fair value, the financial instrument is allocated to Level 2; otherwise, it is allocated to Level 3.

# Other Information (Continued)

HVB Group uses the following methods for deriving the fair value levels for loans: a specific adjustment of the parameters (shift under a stress scenario) is simulated for the valuation parameters relating to credit risk (for example, PD, LGD, etc.) and the effects on the fair value are analysed. If the change in the valuation parameters for credit risk result in a significant change in the fair value, the loan concerned is allocated to Level 3 as the valuation parameters used for mapping credit risk are essentially not based on or derived from prices observable on the market.

Investments in joint ventures and associates are accounted for using the equity method, provided they are not of minor significance. Investments in non-consolidated companies and listed companies not accounted for using the equity method are normally carried at their fair value.

Quoted market prices are used for securities and derivatives traded on an exchange as well as for listed debt instruments. These instruments are allocated to Level 1. The fair value of the remaining securities is calculated as the net present value of anticipated future cash flows. The methods used to determine the fair value levels as described in the Note “Fair value hierarchy” are employed for this purpose.

The fair values of single-currency and cross-currency swaps and interest rate futures are calculated on the basis of discounted cash flows. In doing so, the market rates applicable for the remaining maturity of the financial instruments are applied. The fair value of forward exchange transactions is computed on the basis of current forward rates. Options are measured using price quotations or generally accepted models used to calculate the price of options. The common Black & Scholes model and the Bachelier model are used to measure simple European options. For more complex instruments, interest is simulated using term-structure models with the current interest rate structure as well as caps and swaption volatilities as parameters relevant for measurement. The disbursement structure of the equities or indexes for complex instruments is measured using either Black & Scholes or a stochastic volatility model with equity prices, volatilities, correlations and dividend expectations as parameters. The methods used to determine the fair value levels described in the Note “Fair value hierarchy” are employed for this purpose.

Please refer to the Note “Fair value hierarchy” for a description of the methods used to determine the fair value levels for unlisted derivatives.

For liabilities (deposits from banks and customers, and debt securities in issue, provided these are not listed), the anticipated future cash flows are discounted to the present value using current interest rates taking into account internally determined funding premiums. The funding premiums correspond to the parameters that the Bank uses when setting the prices for its own issues. These funding premiums represent internally determined parameters that are essential for determining the fair value; the other liabilities are allocated to Level 3 accordingly.

# Other Information (Continued)

The fair values are calculated using the market information available at the reporting date as well as specific company valuation methods.

| | CARRYING AMOUNT | | FAIR VALUE | |
|---|---|---|---|---|
| **€ billions** | **2024** | **2023** | **2024** | **2023** |
| **Assets** | | | | |
| Cash and cash balances | 6.9 | 23.3 | 6.9 | 23.3 |
| Financial assets held for trading | 68.4 | 68.6 | 68.4 | 68.6 |
| Financial assets at FVTPL | 2.5 | 3.2 | 2.5 | 3.2 |
| Financial assets at FVTOCI | 13.9 | 9.3 | 13.9 | 9.3 |
| Loans and receivables with banks (at cost) | 24.2 | 19.6 | 24.2 | 19.7 |
| Loans and receivables with customers (at cost) | 162.6 | 154.5 | 159.9 | 152.9 |
| of which finance lease receivables | 0.2 | 0.4 | 0.2 | 0.4 |
| Hedging derivatives | 7.9 | 0.4 | 7.9 | 0.4 |
| **Total** | **286.4** | **278.9** | **283.7** | **277.4** |
| | | | | |
| **Liabilities** | | | | |
| Deposits from banks | 30.5 | 35.7 | 29.8 | 34.8 |
| Deposits from customers | 142.6 | 139.6 | 142.4 | 139.6 |
| Debt securities in issue | 33.6 | 34.3 | 32.0 | 32.5 |
| Financial liabilities held for trading | 48.7 | 48.5 | 48.7 | 48.5 |
| Financial liabilities at FVTPL | 3.6 | 4.7 | 3.6 | 4.7 |
| Hedging derivatives | 10.4 | 0.1 | 10.4 | 0.1 |
| **Total** | **269.4** | **262.9** | **266.9** | **260.2** |

| | FAIR VALUE OBSERVED ON AN ACTIVE MARKET (LEVEL 1) | | FAIR VALUE BASED ON VALUATION PARAMETERS OBSERVED ON THE MARKET (LEVEL 2) | | FAIR VALUE BASED ON VALUATION PARAMETERS NOT OBSERVED ON THE MARKET (LEVEL 3) | |
|---|---|---|---|---|---|---|
| **€ billions** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** |
| **Financial assets not carried at fair value in the balance sheet** | | | | | | |
| Cash and cash balances | — | — | 6.9 | 23.3 | — | — |
| Loans and receivables with banks (at cost) | 5.9 | 4.0 | 16.9 | 14.8 | 1.4 | 0.9 |
| Loans and receivables with customers (at cost) | 15.7 | 11.7 | 55.5 | 58.3 | 88.7 | 82.9 |
| of which finance leases | — | — | — | — | 0.2 | 0.4 |
| | | | | | | |
| **Financial liabilities not carried at fair value in the balance sheet** | | | | | | |
| Deposits from banks | — | — | 21.9 | 24.6 | 7.9 | 10.2 |
| Deposits from customers | — | — | 138.9 | 134.6 | 3.5 | 5.0 |
| Debt securities in issue | 16.1 | 17.1 | 7.3 | 6.8 | 8.6 | 8.6 |

At HVB Group, the difference between the fair values and carrying amounts totals minus €2.7 billion for assets (previous year: minus €1.5 billion) and minus €2.5 billion for liabilities (previous year: minus €2.7 billion). The net balance of these amounts is €0.2 billion (previous year: €1.2 billion). When comparing the carrying amounts and fair values of hedged items, it should be noted that part of the hidden reserves/hidden liabilities has already been included in the hedge adjustment.

# Other Information (Continued)

## 82 Disclosures regarding the offsetting of financial assets and liabilities

The following two tables separately show the recognised financial assets and financial liabilities that have already been netted in the balance sheet in accordance with IAS 32.42 together with the financial instruments that are subject to a legally enforceable master netting arrangement or similar arrangement but that do not satisfy the criteria for offsetting in the balance sheet.

Financial assets that are netted in the balance sheet or subject to a legally enforceable master netting arrangement or similar arrangement:

| | | | | AMOUNTS NOT RECOGNISED | | | |
|---|---|---|---|---|---|---|---|
| **€ millions** | FINANCIAL ASSETS (GROSS) | FINANCIAL LIABILITIES NETTED IN THE BALANCE SHEET (GROSS) | RECOGNISED FINANCIAL ASSETS (NET) | EFFECTS OF MASTER NETTING ARRANGEMENTS | FINANCIAL INSTRUMENTS AS COLLATERAL | CASH COLLAT-ERAL | NET AMOUNT |
| Derivatives[1] | 53,367 | (103) | 53,264 | (38,731) | (477) | (4,535) | 9,521 |
| Reverse repos[2] | 8,744 | (1,796) | 6,948 | — | (6,799) | — | 149 |
| Loans and receivables[3] | 80,443 | (274) | 80,169 | — | — | — | 80,169 |
| **Total as at 31/12/2024** | **142,554** | **(2,173)** | **140,381** | **(38,731)** | **(7,276)** | **(4,535)** | **89,839** |
| | | | | | | | |
| Derivatives[1] | 233,034 | (186,710) | 46,324 | (30,422) | (318) | (7,853) | 7,731 |
| Reverse repos[2] | 10,706 | (1,294) | 9,412 | — | (9,382) | — | 30 |
| Loans and receivables[3] | 76,911 | (2,438) | 74,473 | — | — | — | 74,473 |
| **Total as at 31/12/2023** | **320,651** | **(190,442)** | **130,209** | **(30,422)** | **(9,700)** | **(7,853)** | **82,234** |

1 Derivatives are included in the balance sheet items “Financial assets held for trading” and “Hedging derivatives”.
2 Reverse repos are covered in the Notes “Loans and receivables with banks (at cost)” and “Loans and receivables with customers (at cost)” They are also included in financial assets held for trading at an amount of €265 million (previous year: €1,237 million).
3 Only relates to current accounts, cash collateral or pledged credit balances and other loans and receivables (including cumulative variation margins),as covered in the Notes “Loans and receivables with banks (at cost)” and “Loans and receivables with customers (at cost)”.

Financial liabilities that are netted in the balance sheet or subject to a legally enforceable master netting arrangement or similar arrangement:

| | | | | AMOUNTS NOT RECOGNISED | | | |
|---|---|---|---|---|---|---|---|
| **€ millions** | FINANCIAL LIABILITIES (GROSS) | FINANCIAL ASSETS NETTED IN THE BALANCE SHEET (GROSS) | RECOGNISED LIABILITIES (NET) | EFFECTS OF MASTER NETTING ARRANGEMENTS | FINANCIAL INSTRUMENTS AS COLLATERAL | CASH COLLAT-ERAL | NET AMOUNT |
| Derivatives[1] | 55,132 | (69) | 55,063 | (38,731) | (323) | (3,705) | 12,304 |
| Repos[2] | 13,014 | (1,796) | 11,218 | — | (11,039) | — | 179 |
| Liabilities[3] | 104,721 | (308) | 104,413 | — | — | — | 104,413 |
| **Total as at 31/12/2024** | **172,867** | **(2,173)** | **170,694** | **(38,731)** | **(11,362)** | **(3,705)** | **116,896** |
| | | | | | | | |
| Derivatives[1] | 231,112 | (188,435) | 42,677 | (30,422) | (367) | (5,591) | 6,297 |
| Repos[2] | 5,345 | (1,294) | 4,051 | — | (3,911) | — | 140 |
| Liabilities[3] | 109,136 | (713) | 108,423 | — | — | — | 108,423 |
| **Total as at 31/12/2023** | **345,593** | **(190,442)** | **155,151** | **(30,422)** | **(4,278)** | **(5,591)** | **114,860** |

1 Derivatives are included in the balance sheet items “Financial liabilities held for trading” and “Hedging derivatives”.
2 Repos are covered in the Notes “Deposits from banks” and “Deposits from customers”. They are also included in financial liabilities held for trading at an amount of €0 million (previous year: €198 million).
3 Only relates to current accounts, cash collateral or pledged credit balances and other liabilities (including cumulative variation margins), as covered in the Notes “Deposits from banks” and “Deposits from customers”.

# Other Information (Continued)

Compliant with IAS 32.42, financial assets and liabilities with the same counterparty are to be netted and the net amount recognised in the balance sheet if such netting of the amounts recognised at the present date is legally enforceable and the intention is to settle on a net basis during the normal course of business or to realise the asset and settle the liability simultaneously. The tables show a reconciliation from the gross amounts prior to netting via the offset amounts to the net amounts after netting for these offsets in the balance sheet. At HVB Group, the offsets in the balance sheet relate to transactions with central counterparties (CCPs), i.e. OTC derivatives (offset of positive and negative fair values that balance out at currency level) and the receivables and liabilities arising from reverse repos and repos concluded with the same central counterparty. At the same time, nettable receivables and liabilities repayable on demand with the same counterparties in the banking business are also offset in the balance sheet. In addition, cumulative changes in the fair value of derivatives on futures exchanges are netted with the cumulative variation margin payments.

The column “Effects of master netting arrangements” shows the financial instruments that are subject to a legally enforceable bilateral master netting arrangement or similar arrangement, but which are not netted in the balance sheet as they do not satisfy the IAS 32.42 netting requirements as described above. At HVB Group, this includes OTC derivatives and repo transactions with individual counterparties with which legally enforceable master netting arrangements have been concluded allowing an offset in the event of default.

In addition, collateral in the form of financial instruments and cash collateral pledged or received in this connection is presented in the tables. Furthermore, securities lending transactions shown off the balance sheet without cash collateral are not included in the above netting tables.

As part of credit risk management notably with regard to the counterparty risk arising from derivatives, netting arrangements are frequently concluded that, in the event of default by the counterparty, permit all derivatives with this counterparty to be netted and positive and negative fair values of the individual derivatives to be offset to create a net receivable. Such net receivables are normally secured by cash collateral to further reduce the credit risk. This involves the debtor of the net receivable transferring money to the creditor and pledging these cash balances. The amount of the cash collateral is adjusted at regular intervals to reflect the current amount of a potential net receivable, although a receivable from cash collateral provided can become a liability from cash collateral received and vice versa depending on the balance of the potential net receivable.

This cash collateral is shown separately as “Cash collateral and pledged credit balances” in the following notes: loans and receivables with banks (at cost), loans and receivables with customers (at cost), deposits from banks and deposits from customers.

# Other Information (Continued)

### 83 Undiscounted cash flow

Compliant with IFRS 7.39, we are disclosing the residual maturities for non-derivative and derivative financial liabilities as well as for credit commitments and financial guarantees. The breakdown of residual maturities is based on the contractual due dates. These are crucial for determining the timing of payments. We have thus divided the contractually agreed, undiscounted payments into maturity buckets. The undiscounted cash flows shown here cannot be compared with the carrying amounts, as the latter are based on discounted cash flows.

At the same time, we have broken down the financial assets by residual maturity compliant with IFRS 7.39. These are financial assets that generate the cash flows used to settle financial liabilities.

In the following tables, we have divided the derivative and non-derivative financial assets and liabilities into maturity buckets. In doing so, all the financial liabilities have been allocated to the respective maturity bucket. The derivatives on financial assets held for trading and financial liabilities held for trading have been allocated to the shortest maturity bucket at their fair value. This reflects the fact that the derivatives are subject to an intention to sell in the short term and hence the maturities of the contractual undiscounted cash flows do not adequately reflect the timing of payments actually expected. The remaining financial instruments classified as financial assets held for trading and financial liabilities held for trading have been allocated to the earliest possible maturity bucket with their cash flows. Hedging derivatives used in hedge accounting are allocated to the applicable maturity bucket with their contractually agreed, undiscounted cash flows.

Credit commitments and financial guarantees have been allocated at their maximum amount to the shortest maturity bucket (repayable on demand) in which they can be utilised at the earliest.

For details on the presentation of the Bank’s liquidity management, please refer to the section entitled “Liquidity risk” in the Risk Report of the Combined Management Report.

# Other Information (Continued)

Breakdown of financial assets and non-derivative and derivative financial liabilities by maturity bucket:

| € millions | REPAYABLE ON DEMAND | UP TO 1 MONTH | 1 MONTH TO 3 MONTHS | 3 MONTHS TO 1 YEAR | 1 YEAR TO 5 YEARS | MORE THAN 5 YEARS | UNDATED |
|---|---|---|---|---|---|---|---|
| **31/12/2024** | | | | | | | |
| Financial assets | | | | | | | |
| Financial assets held for trading | 273 | 2,287 | 288 | 2,788 | 3,345 | 2,936 | 5,229 |
| Derivatives on financial assets held for trading | 45,413 | — | — | — | — | — | — |
| Financial assets at FVTPL | 1 | 49 | 13 | 255 | 684 | 959 | 70 |
| Financial assets at FVTOCI | — | 89 | 337 | 614 | 9,067 | 5,888 | — |
| Loans and receivables with banks (at cost) | 9,575 | 455 | 957 | 3,089 | 7,265 | 4,098 | 200 |
| Loans and receivables with customers (at cost) | 13,458 | 13,227 | 5,526 | 14,840 | 60,304 | 97,992 | 132 |
| of which finance lease receivables | 5 | 6 | 15 | 57 | 127 | 11 | — |
| Hedging derivatives | — | 654 | 1,308 | 5,887 | 13,082 | 2,277 | — |
| Non-derivative and derivative financial liabilities | | | | | | | |
| Deposits from banks | 8,224 | 3,622 | 2,923 | 5,721 | 5,840 | 5,586 | 168 |
| Deposits from customers | 79,742 | 30,020 | 21,898 | 9,699 | 1,251 | 556 | 173 |
| Debt securities in issue | 15 | 3,717 | 2,095 | 3,102 | 16,944 | 13,047 | — |
| Financial liabilities held for trading | 2 | 54 | 188 | 782 | 1,730 | 232 | 624 |
| Financial liabilities at FVTPL | — | 125 | 77 | 606 | 2,100 | 777 | — |
| Derivatives on financial liabilities held for trading | 44,693 | — | — | — | — | — | — |
| Hedging derivatives | — | 744 | 1,489 | 6,700 | 14,835 | 2,091 | — |
| Credit commitments and financial guarantees[1] | 68,751 | — | — | — | — | — | — |
| | | | | | | | |
| **31/12/2023** | | | | | | | |
| Financial assets | | | | | | | |
| Financial assets held for trading | 366 | 2,947 | 330 | 2,452 | 3,369 | 7,510 | 3,668 |
| Derivatives on financial assets held for trading | 45,915 | — | — | — | — | — | — |
| Financial assets at FVTPL | 58 | 63 | 45 | 296 | 1,354 | 1,063 | 81 |
| Financial assets at FVTOCI | — | 193 | 155 | 1,606 | 6,328 | 2,001 | — |
| Loans and receivables with banks (at cost) | 5,049 | 3,324 | 959 | 2,978 | 5,391 | 2,895 | — |
| Loans and receivables with customers (at cost) | 13,541 | 7,192 | 5,507 | 16,131 | 64,220 | 86,535 | — |
| of which finance lease receivables | 7 | 13 | 32 | 115 | 232 | 21 | — |
| Hedging derivatives | — | 224 | 447 | 2,013 | 1,439 | 644 | — |
| Non-derivative and derivative financial liabilities | | | | | | | |
| Deposits from banks | 10,980 | 2,149 | 8,266 | 2,566 | 7,754 | 5,997 | 128 |
| Deposits from customers | 79,838 | 23,158 | 21,684 | 13,065 | 1,931 | 656 | 1 |
| Debt securities in issue | 19 | 3,711 | 1,148 | 2,246 | 17,071 | 15,985 | — |
| Financial liabilities held for trading | — | 296 | 239 | 678 | 1,893 | 237 | 521 |
| Financial liabilities at FVTPL | — | 152 | 66 | 619 | 3,042 | 1,117 | — |
| Derivatives on financial liabilities held for trading | 42,574 | — | — | — | — | — | — |
| Hedging derivatives | — | 223 | 446 | 2,006 | 1,286 | 298 | — |
| Credit commitments and financial guarantees[1] | 67,809 | — | — | — | — | — | — |

1 This item contains irrevocable credit commitments and financial guarantees (mainly loan guarantees and loan collateral guarantees).

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# Other Information (Continued)

**84 Regulatory disclosure requirements (Disclosure Report)**
HVB has been classified as a large subsidiary of UniCredit S.p.A. within the meaning of Article 13 (1) of the Capital Requirements Regulation (CRR), making it subject to the scope of the CRR (Article 13 (1) and Part 8 CRR) and certain extended regulatory disclosure requirements in accordance with Section 26a KWG (disclosure under Pillar III).

HVB discloses this information in the form of a standalone disclosure report on a sub-consolidated basis (HVB with its subsidiaries consolidated under regulatory law = HVB Group). This report is produced on an annual basis as at 31 December and at each quarter-end during the year and published on www.hvb.de > About us > Investor Relations > Reports. The publication for the reporting date of 31 December is scheduled for shortly after the publication of the Annual Report. Interim reports should be published shortly after the publication of any financial reports and submission of the regulatory COREP report to the supervisory authorities responsible.

The disclosure of the remuneration policy and practices for those categories of staff whose professional activities have a material impact on the HVB's risk profile (known as "risk takers") required by Article 450 CRR in conjunction with Section 16 (1) of the German Remuneration Regulation for Institutions (Institutsvergütungsverordnung - InstitutV) takes the form of a separate report for HVB. This is drawn up once a year as at 31 December and published in the second quarter of the following year under: www.hvb.de > "About Us" > "Investor Relations" > "Corporate Governance" and under www.hvb.de> "About Us" > "Investor Relations" > "Reports".

**85 Key capital ratios (based on IFRS)**
HVB Group manages its economic and regulatory capital within the framework of its value-oriented overall bank management strategy. The yield expectations are calculated in accordance with the allocated capital principle that UniCredit employs across its entire organisation. As part of the dual control principle, both regulatory capital in the sense of committed core capital and economic capital are allocated to the operating segments. Both resources are expected to yield an appropriate return, which is derived from the expected return of the capital market. Please refer to the section of the Risk Report entitled "Implementation of overall bank management" for further details on the management of regulatory capital adequacy requirements and economic capital adequacy.

***Supervisory ratios***
The legal basis is provided by the EU Regulation on Prudential Requirements for Credit Institutions and Investment Firms (CRR), which came into force on 1 January 2014. The supervisory total capital ratio prescribed in the CRR II represents the percentage ratio between the own funds determined in accordance with Part 2 CRR II and the total amount of risk-weighted assets for counterparty risk, market risk and operational risk (corresponds to the risk-weighted asset equivalent of these risk positions). Under Article 92 CRR II, the Tier 1 capital ratio calculated as the ratio of Tier 1 capital to total risk-weighted assets determined as described above must be at least 6.0%.

Own funds underlying the calculation of the total capital ratio in accordance with CRR II consist of Tier 1 and Tier 2 capital. Under Article 92 CRR II, the total capital ratio calculated as the ratio of own funds to total risk-weighted assets must be at least 8.0%. HVB Group uses internal models in particular to measure market risk positions.

# Other Information (Continued)

The following table shows own funds based on the approved consolidated financial statements and risk-weighted assets together with the risk equivalents for market risk positions and operational risk at the reporting date:

Own funds[1]:

| € millions | 2024 | 2023 |
|---|---|---|
| **Tier 1 - Total core capital for solvency purposes** | **17,433** | **17,564** |
| Shares of common stock | 2,407 | 2,407 |
| Additional paid-in capital, retained earnings, minority interest, own shares | 14,408 | 14,315 |
| Hybrid capital instruments (silent partnership certificates) without prorated interest | — | — |
| Other | (640) | (365) |
| Capital deductions | (442) | (493) |
| Additional Tier 1 capital | 1,700 | 1,700 |
| **Tier 2 - Total supplementary capital for solvency purposes** | **1,253** | **1,371** |
| Unrealised reserves in land and buildings and in securities | — | — |
| Offsetting reserves for general banking risks | — | — |
| Cumulative shares of preferred stock | — | — |
| Participating certificates outstanding | — | — |
| Subordinated liabilities | 1,098 | 1,082 |
| Value adjustment excess for A-IRB positions | 157 | 291 |
| Other | — | — |
| Capital deductions | (2) | (2) |
| **Total own funds** | **18,687** | **18,935** |

1 Group of consolidated companies and principles of consolidation in accordance with banking supervisory regulations.

As in the previous year, we have not included in Tier 2 capital any unrealised reserves in accordance with Section 10 (2b) 1 Nos. 6 and 7 KWG in the version applicable until 31 December 2013.

Own funds are determined on the basis of IFRS figures in accordance with CRR II/CRD V using the consolidated accounting method.

# Other Information (Continued)

The following table shows the reconciliation from the equity items shown in the balance sheet prepared in accordance with IFRS:

| € millions | COMMON EQUITY TIER 1 CAPITAL | ADDITIONAL TIER 1 CAPITAL | TIER 2 CAPITAL | TOTAL OWN FUNDS |
|---|---|---|---|---|
| Shown in IFRS balance sheet | | | | |
| Shareholders' equity | 18,193 | 1,700 | — | 19,893 |
| Reconciliation to own funds compliant with the CRR | | | | |
| Cumulative shares of preferred stock | — | — | — | — |
| Ineligible profit components | (1,920) | — | — | (1,920) |
| Ineligible minority interests under banking supervisory regulations | 10 | — | — | 10 |
| Diverging consolidation perimeters | (108) | — | — | (108) |
| Deduction of intangible assets | (33) | — | — | (33) |
| Hybrid capital recognised under banking supervisory regulations | — | — | — | — |
| Eligible portion of subordinated liabilities | — | — | 1,096 | 1,096 |
| Value adjustment excess (+) or shortfall (-) for A-IRB positions | — | — | 157 | 157 |
| Adjustments to CET1 due to prudential filters | (148) | — | — | (148) |
| Deductible deferred tax assets | (3) | — | — | (3) |
| Capital deductions which can alternatively be subject to a 1,250% risk weight | (5) | — | — | (5) |
| Transitional adjustments | — | — | — | — |
| Insufficient coverage for non-performing exposures | (53) | — | — | (53) |
| Other effects | (200) | — | — | (200) |
| **Own funds compliant with CRR II** | **15,733** | **1,700** | **1,253** | **18,687** |

| € millions | 2024 CRR II | 2023 CRR II |
|---|---|---|
| **Risk-weighted assets from** | | |
| on-balance-sheet counterparty risk positions | 35,459 | 38,498 |
| off-balance-sheet counterparty risk positions | 11,718 | 12,626 |
| other counterparty risk positions[1] | 372 | 365 |
| derivative counterparty risk positions | 4,734 | 4,991 |
| other risk exposure amounts | 1,380 | 472 |
| **Total credit risk-weighted assets** | **53,662** | **56,952** |
| **Risk-weighted asset equivalent for market risk positions** | **4,204** | **4,306** |
| **Risk-weighted asset equivalent for operational risk** | **8,302** | **8,509** |
| **Total risk-weighted assets** | **66,168** | **69,767** |

1 Primarily including repos and securities lending transactions.

At the respective reporting dates, the key capital ratios (based on the approved consolidated financial statements) were as follows:

| in % | 2024 CRR II | 2023 CRR II |
|---|---|---|
| CET1 capital ratio<br>[Common Equity Tier 1 capital excluding hybrid capital/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)] | 23.8 | 22.7 |
| Tier 1 capital ratio<br>[Tier 1 capital/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)] | 26.3 | 25.2 |
| Total capital ratio<br>[Own funds/(credit risk-weighted assets + 12.5x market risk positions + 12.5x operational risk)] | 28.2 | 27.1 |

# Other Information (Continued)

## 86 Securities sale and repurchase and securities lending transactions by balance sheet item

| € millions | 2024 | | 2023 | |
|---|---|---|---|---|
| | CARRYING AMOUNT | OF WHICH TRANSFERRED AS COLLATERAL | CARRYING AMOUNT | OF WHICH TRANSFERRED AS COLLATERAL |
| Financial assets held for trading | 68,356 | 1,633 | 68,611 | 2,694 |
| Financial assets at FVTPL | 2,463 | — | 3,215 | — |
| Financial assets at FVTOCI | 13,896 | 901 | 9,252 | 1,980 |
| Loans and receivables with banks (at cost) | 24,219 | — | 19,566 | — |
| Loans and receivables with customers (at cost) | 162,565 | — | 154,477 | — |
| **Total** | **271,499** | **2,534** | **255,121** | **4,674** |

## 87 Contingent liabilities and other commitments

| € millions | 2024 | 2023 |
|---|---|---|
| Contingent liabilities[1] | 30,279 | 29,722 |
| Financial guarantees (guarantees and indemnities) | 30,279 | 29,722 |
| Other commitments | 107,330 | 106,044 |
| Irrevocable and revocable credit commitments with default risk | 107,325 | 106,039 |
| Other commitments | 5 | 5 |
| **Total** | **137,609** | **135,766** |

1 Contingent liabilities are offset by contingent assets of the same amount.

In addition to irrevocable loan commitments, contingent liabilities from loan commitments also include revocable loan commitments, which are generally subject to credit default risk.

A contingent liability exists if an outflow of economic resources is possible (IAS 37.28). The contractual obligation to pay out under the loan commitment granted is irrelevant in this respect. With regard to revocable loan commitments, which are generally subject to credit default risk, such an outflow of funds is possible, as only this subsequently leads to credit default risk.

Financial guarantees and irrevocable/revocable credit commitments are shown at their nominal amount (maximum outflow) less provisions set aside for this purpose. Neither contingent liabilities nor other commitments contain any significant individual items. The financial guarantees listed here essentially reflect guarantees and indemnities that the Bank has provided at the request of customers. Consequently, the Bank has a right of recourse against the customer (contracting party) if it is called upon. An appropriate provision is set aside where such a customer's creditworthiness is doubtful. This takes account of the loss incurred by the Bank if the recourse claim against the contracting party is not considered fully realisable on account of the party's doubtful creditworthiness.

It is hard to anticipate the date at which the contingent liabilities and other commitments mentioned here will result in an outflow of funds. In particular, credit commitments frequently serve as a liquidity reserve for the beneficiary, meaning that in some cases the Bank is not called upon at all and hence there is no outflow of funds. In terms of financial guarantees, it is important to note that these are conditional payment commitments so that the condition must be met (such as default on the guaranteed credit in the case of a credit guarantee or non-compliant delivery in the case of a delivery guarantee and other cases) before the Bank can be called upon. Here, too, it is hard to assess whether and when this will be the case, as financial guarantees in particular are only ever called upon in exceptional circumstances resulting in an outflow of funds.

# Other Information (Continued)

Securities lending transactions are not recognised in the balance sheet as beneficial ownership remains with the lender. The Bank only becomes the legal owner of the borrowed securities which are returned to the lender when the lending transaction falls due. Obligations of €22,015 million (previous year: €14,962 million) to return securities from securities lending transactions are thus offset by borrowed securities of the same amount, which are not carried as assets on the assets side of the balance sheet.

In previous years HVB made use of the option to provide up to 15% of the annual contribution to the bank restructuring fund in the form of fully secured payment claims (irrevocable payment commitments) in accordance with Section 12 of the German Bank Restructuring Fund Act (Restrukturierungsfondsgesetz – RStruktFG). These amount to €104 million at the reporting date (previous year: €104 million). Cash collateral was provided for these, which is disclosed as loans and receivables with customers. No new irrevocable payment commitments were issued in the reporting period.

In previous years, HVB made use of the option to provide up to 30% of the annual contribution to the deposit guarantee scheme of German banks in the form of fully secured payment claims (irrevocable payment commitments) in accordance with Section 5a (10) of the German Statute of the Deposit Guarantee Scheme (Statut des Einlagensicherungsfonds – SESF). These amount to €22 million at the reporting date (previous year: €22 million). Financial collateral was provided for these. No new irrevocable credit commitments were issued in the reporting period.

In previous years, HVB made use of the option to provide up to 30% of the annual contribution to the deposit guarantee scheme of German banks (Entschädigungseinrichtung deutscher Banken) in the form of fully secured payment claims (irrevocable payment commitments) in accordance with Section 19 of the German Regulation on Financing the Deposit Guarantee Scheme (Entschädigungseinrichtungs-Finanzierungsverordnung – EntschFinV). These amount to €39 million at the reporting date (previous year: €39 million). Financial collateral was provided for these. No new irrevocable credit commitments were issued in the reporting period.

HVB may incur losses from legal risks, the occurrence of which is greater than improbable but less than probable, and for which no provisions have been set aside. Such legal risks may result from negative developments in civil-law proceedings and the tendency for rulings to be made in favour of consumers or customers. The risk of loss that is assessed may prove to be too low or too high, depending on the outcome of the proceedings. HVB assumes that it will not be necessary to utilise the vast majority of the contingent liabilities from legal risks, meaning that the amounts are not representative of actual future losses. Such contingent liabilities from significant legal risks that can be estimated amount to €54 million at year-end 2024 after €59 million at year-end 2023.

Commitments for payments called on shares not fully paid up amounted to €5 million in the reporting year (previous year: €5 million) and similar obligations for shares in cooperatives totalled €1 thousand (previous year: €1 thousand). The Bank was not liable for any defaults on calls for payment under Section 22 (3 and 24) of the German Limited Companies Act (Gesetz betreffend die Gesellschaften mit beschränkter Haftung – GmbHG).

At the reporting date, we had unlimited personal liability from the ownership of shares in 62 partnerships (previous year: 59).

# Other Information (Continued)

With a Statement of Responsibility dated 21 December 1993, HVB issued an undertaking to the State of Baden-Wuerttemberg (Ministry of Finance) to assume a liquidity provision obligation in the event of the sale, liquidation or bankruptcy of HVB Projekt GmbH.

UniCredit Bank GmbH is liable as a member of the deposit guarantee schemes in Germany within the scope of the valid provisions.

***Contingent liabilities payable to related parties***

| **€ millions** | **2024** | **2023** |
|---|---|---|
| Non-consolidated affiliates | 1,959 | 1,947 |
| of which: | | |
| UniCredit S.p.A. | 1,330 | 1,335 |
| sister companies | 628 | 611 |
| subsidiaries | 1 | 1 |
| Joint ventures | — | — |
| Associates | — | — |
| Other investees | 104 | 106 |
| **Total** | **2,063** | **2,053** |

## 88 Statement of Responsibility

HVB ensures that, to the extent of its respective shareholding, the company set forth below is in a position to meet its contractual obligations except in the event of political risks:

| **Financial companies** |
|---|
| UniCredit Leasing GmbH, Hamburg |

HVB's commitment arising from the above Statement of Responsibility declines to the extent that HVB's shareholding decreases in the future with regard to those contractual obligations of the company that arose only after HVB's shareholding decreased. In case HVB is no longer a shareholder in the company listed above, our commitment arising from the above Statement of Responsibility with regard to such liabilities of the company that arose only after our shareholding ceased ends on the date on which our shareholding ceased.

HVB no longer provides a Statement of Responsibility for companies for which a Statement of Responsibility had been provided in earlier annual reports but which no longer appear in the above list. Liabilities of these companies arising before the reduction or cessation of the shareholding are only covered by such Statements of Responsibility that were provided before the reduction or cessation of the shareholding in each case.

# Other Information (Continued)

## 89 Disclosures regarding structured entities

A structured entity as defined in IFRS 12 is an enterprise (or an economically separate entity) that has been designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity. Structured entities are frequently characterised by restricted activities, a narrow, well-defined objective, insufficient equity or financing in tranches.

Structured entities may be consolidated or not consolidated, depending on whether HVB Group has control over the entity or not. Transactions involving structured entities can be divided into the following categories using the business model applied by HVB Group:

– ABS vehicles
– Repackaging vehicles
– Funding vehicles for customers
– Some investment funds
– Other structured entities

### Financial instruments with unconsolidated structured entities

Financial instruments with unconsolidated structured entities include all contractual relationships from which HVB Group receives variable earnings and exposure to loss from the structured entities, but without gaining control over the structured entity. These might be equity and debt instruments, derivatives, liquidity facilities or guarantees.

#### *ABS vehicles*

HVB Group invests in ABS vehicles and uses ABS vehicles for its own securitisations. These vehicles buy loans or receivables and refinance themselves by issuing securities on the money or capital market. The securities are backed by the assets purchased. HVB Group can also provide finance for these vehicles in the form of liquidity facilities.

ABS vehicles used for own securitisations are fully consolidated in the consolidated financial statements and are not included in the unconsolidated structured entities shown here. This means that only such ABS vehicles in which HVB Group solely has an interest as an investor are classified as unconsolidated structured entities.

| | 2024 | 2023 |
|---|---|---|
| Number of unconsolidated ABS vehicles (investor positions only) | 193 | 191 |

# Other Information (Continued)

***Repackaging vehicles***

Repackaging vehicles are used to offer customers specific securities and derivatives solutions. These vehicles buy assets (such as securities, loans and receivables, and derivatives) and restructure the cash flows from these assets by incorporating other instruments or securities. The vehicles refinance themselves by issuing custom-packaged securities or derivatives that meet the customer's demands. The funding is normally secured by the acquired assets.

| | 2024 | 2023 |
|---|---|---|
| Number of unconsolidated repackaging vehicles | 9 | 8 |
| Aggregate total assets of unconsolidated repackaging vehicles (€ millions) | 499 | 379 |
| Nominal value of the securities issued by unconsolidated repackaging vehicles (€ millions) | 499 | 379 |

***Funding vehicles for customers***

Customers use these vehicles as a source of funding. These funding vehicles buy current receivables or lease receivables from customers and refinance themselves mostly by issuing securities on the capital and money market (mostly commercial paper conduits). HVB Group can also provide funding for these vehicles in the form of liquidity facilities or other lending products. The majority of the vehicles listed below were set up by the customer or by HVB Group on behalf of the customer. These vehicles are not consolidated as HVB Group is not exposed to a majority of the variable income from the vehicles and has no possibility of influencing them.

| | 2024 | 2023 |
|---|---|---|
| Number of unconsolidated funding vehicles for customers | 52 | 50 |
| Aggregate total assets of unconsolidated funding vehicles for customers (€ millions) | 6,777 | 6,517 |
| Nominal value of the securities issued by unconsolidated funding vehicles for customers (€ millions) | 6,771 | 6,510 |

***Some investment funds***

Investment funds are classified as structured entities if they are not controlled by means of voting or similar rights. Investment funds invest in a range of assets and can also finance themselves through debt capital within the framework of their investment principles alongside the funds provided by investors. Investment funds serve to achieve specifically defined investment goals.

HVB Group offers its customers investment funds under third-party management. Until the intragroup sale of Structured Invest Société Anonyme, Luxembourg, in the first half of 2024, it also offered its customers self-managed investment funds. Furthermore, we are also mandated by customers to keep investment fund units in custody accounts for third party account. Furthermore, HVB Group holds investment fund units in its own portfolio. These are mostly held in the held-for-trading portfolio and to a much smaller extent also in the portfolio at FVTPL. In addition, we offer typical banking services to investment funds, including derivative and financing solutions and deposit-taking operations.

# Other Information (Continued)

The number and the aggregated net asset value of investment funds show funds to which HVB Group has an exposure. Regarding the statement of the number of unconsolidated investment funds classified as structured entities, we have separately reported every special purpose entity to which HVB Group has an exposure.

| | 2024 | 2023 |
|---|---|---|
| Number of unconsolidated investment funds classified as structured entities | 408 | 568 |
| of which managed by HVB Group | — | 45 |
| Aggregate net asset value (including minority interests) of the investment funds classified as structured entities (€ millions) | 750,005 | 404,272 |
| of which managed by HVB Group | — | 1,925 |

With regard to the aggregate net asset value, it should be noted that our risk is only proportionate to the ratio of the units held by us, the financing extended and derivatives issued to the aggregate fund volume. A risk analysis is provided in the table under “Risks in connection with unconsolidated structured entities”.

***Other structured entities***
This category covers structured entities that cannot be assigned to any of the other categories. For the most part, HVB Group mainly performs lending activities under this category with structured entities set up by customers or by HVB Group on behalf of customers.

These entities are mostly lease vehicles that have only insufficient equity and are controlled economically by the lessee. Some of the lease vehicles were financed through syndicated loans.

| | 2024 | 2023 |
|---|---|---|
| Number of other structured entities | 4 | 6 |
| Aggregate total assets (€ millions) | 325 | 303 |

# Other Information (Continued)

***Risks in connection with unconsolidated structured entities***
The following tables show the carrying amounts of the assets and liabilities together with the off-balance-sheet risk positions of HVB Group in connection with unconsolidated structured entities:

| | 2024 | | | | |
|---|---|---|---|---|---|
| **€ millions** | **ABS VEHICLES (INVESTOR POSITIONS)** | **REPACKAGING VEHICLES** | **FUNDING VEHICLES FOR CUSTOMERS** | **SOME INVESTMENT FUNDS** | **OTHER STRUCTURED ENTITIES** |
| **Assets** | **9,771** | **116** | **5,870** | **6,082** | **112** |
| Financial assets held for trading | 28 | 116 | — | 2,650 | — |
| Financial assets at FVTPL | 19 | — | — | 29 | — |
| Financial assets at FVTOCI | — | — | — | — | — |
| Loans and receivables with banks (at cost) | — | — | — | — | — |
| Loans and receivables with customers (at cost) | 9,723 | — | 5,870 | 3,402 | 112 |
| Hedging derivatives | — | — | — | — | — |
| Other assets | 1 | — | — | 1 | — |
| **Liabilities** | **104** | **4** | **86** | **1,585** | **61** |
| Deposits from banks | — | — | — | — | — |
| Deposits from customers | 14 | — | 84 | 1,307 | 60 |
| Debt securities in issue | — | — | — | 11 | — |
| Financial liabilities held for trading | 89 | 4 | — | 266 | — |
| Financial liabilities at FVTPL | — | — | — | — | — |
| Hedging derivatives | — | — | — | — | — |
| Other liabilities | 1 | — | — | 1 | — |
| Provisions | — | — | 2 | — | 1 |
| **Off-balance-sheet positions** | **200** | **—** | **1,387** | **556** | **459** |
| Irrevocable credit commitments and other commitments | 200 | — | 1,387 | 554 | 459 |
| Guarantees | — | — | — | 2 | — |
| **Maximum exposure to loss** | **9,971** | **116** | **7,257** | **6,638** | **571** |

# Other Information (Continued)

| € millions | 2023 | | | | |
|---|---|---|---|---|---|
| | ABS VEHICLES (INVESTOR POSITIONS) | REPACKAGING VEHICLES | FUNDING VEHICLES FOR CUSTOMERS | SOME INVESTMENT FUNDS | OTHER STRUCTURED ENTITIES |
| **Assets** | **8,454** | **80** | **6,121** | **4,658** | **47** |
| Financial assets held for trading | 19 | 80 | — | 1,780 | — |
| Financial assets at FVTPL | 23 | — | — | 27 | — |
| Financial assets at FVTOCI | — | — | — | — | — |
| Loans and receivables with banks (at cost) | — | — | — | — | — |
| Loans and receivables with customers (at cost) | 8,412 | — | 6,121 | 2,850 | 47 |
| Hedging derivatives | — | — | — | — | — |
| Other assets | — | — | — | 1 | — |
| **Liabilities** | **187** | **7** | **60** | **1,419** | **59** |
| Deposits from banks | — | — | — | — | — |
| Deposits from customers | 16 | — | 58 | 1,278 | 59 |
| Debt securities in issue | — | — | — | 11 | — |
| Financial liabilities held for trading | 169 | 5 | — | 129 | — |
| Financial liabilities at FVTPL | — | — | — | — | — |
| Hedging derivatives | — | — | — | — | — |
| Other liabilities | 1 | 2 | — | 1 | — |
| Provisions | 1 | — | 2 | — | — |
| **Off-balance-sheet positions** | **121** | **—** | **3,959** | **41** | **1** |
| Irrevocable credit commitments and other commitments | 121 | — | 3,959 | 39 | 1 |
| Guarantees | — | — | — | 2 | — |
| **Maximum exposure to loss** | **8,575** | **80** | **10,080** | **4,699** | **48** |

The maximum exposure to loss from unconsolidated structured entities arises from the assets and off-balance-sheet risk positions relating to structured entities. This view does not, however, reflect the economic risk, as the collateral received and hedging instruments are not included.

No financial or other support ("implicit support") was provided to unconsolidated structured entities during the reporting year without having a contractual obligation to do so. Neither are there any specific plans to provide support to unconsolidated structured entities in the future.

**Sponsored unconsolidated structured entities**
Structured entities are classified as sponsored by HVB Group, if HVB Group was materially involved in setting up the entities. HVB Group has sponsored structured entities through financial instruments without having an interest in these entities. Thus, HVB Group is not exposed to the economic risks from these structured entities.

We only generate income from structured entities without any interest in them through financial instruments to a limited extent. Fee and commission income of €28 million (previous year: €44 million) from charges and management fees was generated during the reporting year on investment funds managed by the Bank, of which €19 million (previous year: €29 million) was passed on to third parties in trailer fees.

# Other Information (Continued)

**Consolidated structured entities**
The largest consolidated structured entity is the multi-seller conduit programme Arabella. Securities with a nominal value of €4,746 million (previous year: €4,580 million) were outstanding as at 31 December 2024. The total assets of the multi-seller conduit Arabella Finance DAC as at the reporting date amounted to €4,748 million (previous year: €4,590 million).

Contractual arrangements that oblige HVB Group to provide financial assistance to consolidated structured entities exist notably in the form of liquidity facilities. These may be drawn by the vehicles to bridge maturity mismatches between the assets purchased and the securities issued.

Financial or other support was provided to consolidated structured entities without a contractual obligation to do so (“implicit support”):
– Where the market conditions prevented the securities issued by the consolidated multi-seller conduit Arabella Finance DAC from being placed, HVB has purchased such issues. Without the purchases of the securities, HVB would have been required to provide liquidity facilities in the same amount to individual Elektra Purchase companies. As at the reporting date, HVB Group held securities issued by Arabella Finance DAC with a nominal value of €1,960 million (previous year: €1,896 million) in its portfolio.
– The following future support arrangements are planned: HVB Group will continue to decide on a case-by-case basis whether to purchase temporarily non-placeable securities issued by the consolidated multi-seller conduit Arabella Finance DAC or utilise the liquidity lines. The volume of securities to be purchased depends on the funding requirement, the prevailing market conditions and the above decision in each case.
– Both contractual financial and other support provided to consolidated structured entities without a contractual obligation to do so are not material for the consolidated financial statements, as these represent intragroup transactions.

## 90 Trust business

| € millions | 2024 | 2023 |
|---|---|---|
| **Trust assets** | **2,157** | **2,410** |
| Loans and receivables with banks | — | — |
| Loans and receivables with customers | 239 | 310 |
| Equity securities and other variable-yield securities | — | — |
| Bonds | — | — |
| Participating interests | — | — |
| Property, plant and equipment | — | — |
| Other assets | — | — |
| Fund units held in trust | 1,918 | 2,100 |
| Remaining trust assets | — | — |
| **Trust liabilities** | **2,157** | **2,410** |
| Deposits from banks | 239 | 310 |
| Deposits from customers | 1,918 | 2,100 |
| Securitised liabilities | — | — |
| Other liabilities | — | — |

The carrying amounts for the trust assets are stated here. The trust assets relating to loans and receivables with customers are mainly attributable to the KfW Schnellkredit loan, which HVB granted to its customers as part of the government support measures due to the COVID-19 pandemic. In this context, KfW assumes all the risks (100% guarantee), stipulates the conditions and provides the funds. The KfW Schnellkredit is thus to be classified as a trust loan.

# Other Information (Continued)

## 91 Transfer of financial assets
Transferred financial assets are derecognised in accordance with the derecognition criteria set forth in IFRS 9 when substantially all the risks and rewards incident to ownership of the asset are transferred.

HVB Group has no continuing involvement in transferred and derecognised financial assets for which substantially the risks and rewards are neither retained nor transferred.

***Transferred, non-derecognised financial assets***
However, HVB Group conducts business transactions under which it transfers previously recognised financial assets in accordance with IFRS 9, but substantially retains all the risks and rewards associated with these assets, meaning that such assets are not derecognised. The recognised asset is simultaneously offset by an associated liability for the consideration received, which corresponds to recognition as a secured loan. HVB Group may not use these transferred, non-derecognised assets for other purposes.

Transactions of this type conducted by the Group relate primarily to genuine securities repurchase agreements (repos) and securities lending transactions.

The securities (transferred) under repo transactions (cash sale) continue to be carried and measured in the consolidated balance sheet because the Group as seller retains all the credit, share price, interest rate and currency risks associated with the assets and their performance. The payment received from the buyer for whom the transferred security serves as collateral is recognised as a repo liability payable to banks or customers, depending on the counterparty. Upon delivery of the securities, the unrestricted power of disposal passes to the buyer.

Where the Group acts as a lender of securities in securities lending transactions, the securities lent to counterparties continue to be carried in the consolidated balance sheet of the lender.

The transactions are conducted subject to the customary market terms for securities lending and repurchase agreements, under which the counterparty holds a contractual or customary right to resell or repledge the securities received.

At the same time, these transaction types also encompass such examples as the true sale securitisation transactions Rosenkavalier 2008, Rosenkavalier 2015, Rosenkavalier 2020 and Rosenkavalier 2022 (see the Note "Own securitisation") carried out by HVB Group, under which non-derecognised securitised customer receivables indirectly serve as collateral for repurchase agreements with the ECB.

The following Note "Assets assigned or pledged as collateral for own liabilities" contains details of repo transactions, securities lending transactions and other transactions under which the financial assets transferred as collateral for own liabilities are not derecognised.

# Other Information (Continued)

## 92 Assets assigned or pledged as collateral for own liabilities

Examples of own liabilities of HVB Group for which we provide collateral are special credit facilities provided by KfW and similar institutions, which we have passed on as loans in compliance with their conditions. In addition, collateral has been provided for cash borrowings under repurchase agreements on international money markets, for open market transactions with central banks and for securities lending transactions. As a seller under repurchase agreements, HVB Group has entered into sales and repurchase transactions for securities at a carrying amount of €26.9 billion (previous year: €26.0 billion) or transferred them to a collateral pool with the European Central Bank or GC Pooling. It is not always necessary for liabilities to exist in the latter instance. These securities continue to be shown under our assets, and the consideration received in return is stated under liabilities.

The following table shows the breakdown of assets provided as collateral for own liabilities:

| € millions | 2024 | 2023 |
|---|---|---|
| Financial assets held for trading | 4,859 | 4,900 |
| Financial assets at FVTPL | 525 | 697 |
| Financial assets at FVTOCI | 5,163 | 3,066 |
| Loans and receivables with banks (at cost) | 3,243 | 5,530 |
| Loans and receivables with customers (at cost) | 25,180 | 17,621 |
| Property, plant and equipment | — | — |
| Unrecognised repledged securities received: | | |
| pledged securities from unrecognised securities lending transactions | 2,218 | 11,359 |
| pledged collateral received | 5,173 | 6,969 |
| **Total** | **46,361** | **50,142** |

The collateral pledged from "Loans and receivables with customers (at cost)" relates to special credit facilities provided by KfW and similar institutions.

The assets pledged as collateral by HVB Group relate to the following own liabilities:

| € millions | 2024 | 2023 |
|---|---|---|
| Deposits from banks | 34,782 | 38,299 |
| Deposits from customers | 4,117 | 1,103 |
| Debt securities in issue | — | — |
| Financial liabilities held for trading | 5,458 | 7,499 |
| Financial liabilities at FVTPL | — | — |
| Contingent liabilities | 39 | 44 |
| Obligations to return non-expensed, borrowed securities | 1,965 | 3,197 |
| **Total** | **46,361** | **50,142** |

Compliant with IFRS 7.14, we are disclosing the carrying amount of the financial assets that we provide as collateral. In addition, figures are disclosed showing the extent to which the collateral provided may be repledged or resold by the collateral assignee.

| € millions | 2024 | 2023 |
|---|---|---|
| Aggregate carrying amount of assets pledged as collateral | 46,361 | 50,142 |
| of which may be repledged/resold | 15,211 | 8,954 |

# Other Information (Continued)

### 93 Collateral received that HVB Group may resell or repledge

As the collateral taker under genuine repurchase agreements (repos) and collateral agreements for OTC derivatives, HVB Group has received collateral that it may resell or repledge at any time under customary market conditions without the collateral provider having to be in arrears. The fair value of the collateral received is €11.2 billion (previous year: €11.9 billion).

HVB Group has actually repledged or resold €5.2 billion of this amount (previous year: €7.0 billion), for which there is an obligation to return the same type, volume and quality of the collateral received.

The transactions that make it possible to use this collateral were conducted under customary market conditions for securities repurchase and lending transactions.

### 94 Information on relationships with related parties

Besides the relationships with consolidated affiliates, there are a number of transactions involving UniCredit S.p.A. and other affiliated but not consolidated UniCredit companies as a result of the integration of HVB Group into the UniCredit corporate group. The quantitative information in this regard can be found in the notes to the income statement and the notes to the balance sheet.

Like other affiliates, HVB has outsourced IT activities to UniCredit S.p.A., a company that is affiliated with the Bank. The goal is to exploit synergies and enable the Bank to offer fast, high-quality IT services via a service level agreement. HVB incurred expenses of €482 million for these services in the reporting period (previous-year period: €503 million). This was offset by income of €24 million from services rendered and internal charges (previous-year period: €39 million). Moreover, software products worth €0.7 million were purchased from UniCredit S.p.A. (previous-year period: €0.8 million).

Furthermore, HVB Group has transferred certain back office activities to UniCredit S.p.A. In this context, the latter provides settlement services for HVB and other affiliates in line with a standard business and operating model. HVB Group incurred expenses of €57 million for these services (procurement invoice service business and transformation, among others) including restructuring costs in the reporting period (previous-year period: €123 million).

As a result of the entry of the squeeze-out resolution in the Commercial Register on 15 September 2008, HVB is no longer listed on the stock exchange. Therefore, the remuneration paid to members of the Executive Board is not shown on an individualised basis.

# Other Information (Continued)

***Remuneration paid to members of the Executive Board and Supervisory Board:***

| € thousands | SHORT-TERM COMPONENTS | | LONG-TERM INCENTIVES | | | |
|---|---|---|---|---|---|---|
| | FIXED SALARY | SHORT-TERM PERFORMANCE-RELATED CASH REMUNERATION | LONG-TERM PERFORMANCE-RELATED CASH REMUNERATION | SHARE-BASED REMUNERATION | TERMINATION BENEFITS | TOTAL |
| **2024** | | | | | | |
| Members of the Executive Board of UniCredit Bank GmbH | 6,093[1] | 427 | 137 | 632 | 1,750 | 9,039 |
| Members of the Supervisory Board of UniCredit Bank GmbH for Supervisory Board activities | 834 | — | — | — | — | 834 |
| Members of the Supervisory Board of UniCredit Bank GmbH for activities as employee representatives | 543 | 157 | — | — | — | 700 |
| Former members of the Executive Board of UniCredit Bank GmbH and their surviving dependants | 44 | 209 | 374 | 2,732 | 1,851 | 5,210 |
| | | | | | | |
| **2023** | | | | | | |
| Members of the Executive Board of UniCredit Bank GmbH | 4,794[2] | 635 | 36 | 635 | — | 6,100 |
| Members of the Supervisory Board of UniCredit Bank GmbH for Supervisory Board activities | 845 | — | — | — | — | 845 |
| Members of the Supervisory Board of UniCredit Bank GmbH for activities as employee representatives | 508 | 45 | — | — | — | 553 |
| Former members of the Executive Board of UniCredit Bank GmbH and their surviving dependants | 181 | 320 | 751 | 1,692 | 992 | 3,936 |

1 Includes all fixed components allocated in 2024 including recalculations for 2023.
2 Correction of previous-year figure.

It is the task of the Bank's full Supervisory Board to decide on the total remuneration paid to the individual members of the Executive Board and to review the appropriate structure of the remuneration systems for the Executive Board. The full Supervisory Board receives assistance in this regard from the Remuneration Control Committee, which submits appropriate proposals to the full Supervisory Board. Appropriateness and sustainability are key criteria for the form and structure of the remuneration paid to the members of the Executive Board. The structure of remuneration is derived from the employment agreements with the members of the Executive Board. It has two components: a fixed salary and variable remuneration. Variable remuneration is normally granted in deferred tranches over several years in the form of cash and shares, with disbursement dependent upon defined corporate targets being achieved in the subsequent years.

Pension commitments for nine currently active members of the Executive Board and three members who resigned during the year are shown in the table alongside the direct remuneration. Of these members of the Executive Board, eight members took part in the employer-financed, fund-linked pension scheme for executives (known as AgfA) in 2024. The Bank will provide/has provided 35% of the fixed salary contributions. Overall, an amount of €1,591 thousand was paid in the reporting year for current and former members of the Executive Board (2023: €2,293 thousand).

Non-monetary remuneration and other fringe benefits are granted to members of the Executive Board to the usual extent. The amounts involved are included in the totals shown for fixed salary.

Remuneration paid to members of the Executive Board for positions on supervisory boards of UniCredit group companies is to be paid to HVB.

# Other Information (Continued)

The provisions for pensions compliant with IFRS for former and retired members of the Executive Board of HVB and their surviving dependants (including the pension commitments transferred to HVB Trust Pensionsfonds AG) amounted to €132,622 thousand (previous-year period: €127,216 thousand).

The remuneration paid to retired members of the Executive Board and their surviving dependants amounted to €9,350 thousand in the reporting period after the transfer of the largest part of the pension commitments to HVB Trust Pensionsfonds AG (previous-year period: €8,936 thousand).

Share-based payments were granted to the members of the Executive Board under the Group Incentive Scheme in the reporting period as follows:

| SHARES GRANTED TO MEMBERS OF THE EXECUTIVE BOARD OF UNICREDIT BANK GMBH | 2024 | 2023 |
|---|---|---|
| Number of shares granted | 61,568 | 49,443 |
| Fair value on grant date (€) | 30.130 | 18.148 |

For details of share-based payments, please refer to the disclosures in the Note “Operating costs”, which provides a description of the underlying UniCredit programmes.

The following table shows the payroll costs incurred for members of the Executive Board and Supervisory Board where these are not short-term components:

| | LONG-TERM INCENTIVES | | | |
|---|---|---|---|---|
| € thousands | DEFERRED CASH COMPONENT | DEFERRED SHARE-BASED REMUNERATION | TERMINATION BENEFITS | TOTAL |
| **2024** | | | | |
| Members of the Executive Board of UniCredit Bank GmbH | 1,049 | 1,182 | 1,591 | 3,822 |
| Members of the Supervisory Board of UniCredit Bank GmbH for Supervisory Board activities | — | — | 14 | 14 |
| Former members of the Executive Board of UniCredit Bank GmbH and their surviving dependants | 1,151 | 1,018 | 28,926 | 31,095 |
| | | | | |
| **2023** | | | | |
| Members of the Executive Board of UniCredit Bank GmbH | 1,107 | 927 | 2,293 | 4,327 |
| Members of the Supervisory Board of UniCredit Bank GmbH for Supervisory Board activities | — | — | 38 | 38 |
| Former members of the Executive Board of UniCredit Bank GmbH and their surviving dependants | 939 | 1,119 | 23,889 | 25,947 |

# Other Information (Continued)

***Related parties – loans and receivables, liabilities and contingent liabilities***
Members of the Executive Board, Supervisory Board and Group Executive Committee of UniCredit S.p.A. and their respective immediate family members are considered related parties of HVB.

Loans and receivables due from, and contingent liabilities and liabilities assumed for, related parties at the reporting date were as follows:

| € thousands | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | LOANS AND RECEIVABLES | CONTINGENT LIABILITIES[2] | LIABILITIES | LOANS AND RECEIVABLES | CONTINGENT LIABILITIES[2] | LIABILITIES |
| Members of the Executive Board and their related parties | 2,989 | 81 | 2,394 | 1,560 | 75 | 3,263 |
| Members of the Supervisory Board and their related parties | 2,838 | 39 | 5,576 | 2,933 | 486 | 3,091 |
| Members of the Group Executive Committee[1] and their related parties | — | — | 22 | — | — | 21 |
| Companies controlled by the persons listed above | — | — | — | — | — | — |

1 Excluding members of the Executive Board and Supervisory Board of UniCredit Bank GmbH.
2 Irrevocable and revocable lending commitments are shown under contingent liabilities.

Mortgage loans were granted to members of the Executive Board and the Supervisory Board as well as their immediate family members at interest rates of between 0.67% and 4.71% falling due in the period from 2027 to 2049. Furthermore, a credit line was drawn on at 7.245% and a currency account at 10% overdraft interest.

## 95 Fees paid to the independent auditors
The following table shows the breakdown of fees (excluding value-added tax) recognised as an expense in the reporting year, as paid to the independent auditors KPMG AG Wirtschaftsprüfungsgesellschaft, for services provided for HVB Group:

| € millions | 2024 | 2023 |
|---|---|---|
| **Fee for** | **11** | **10** |
| Auditing of the financial statements | 8 | 8 |
| Other auditing services | 3 | 2 |
| Tax consulting services | — | — |
| Other services | — | — |

In addition to the audit of the consolidated and annual financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft audited the reporting package as at 31 December submitted to the auditor of the consolidated financial statements of UniCredit S.p.A. and conducted a review in each quarter. Furthermore, KPMG AG Wirtschaftsprüfungsgesellschaft conducted statutory and voluntary audits of annual financial statements for subsidiaries. KPMG AG Wirtschaftsprüfungsgesellschaft was also engaged to conduct an audit pursuant to Section 89 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), a review of the reporting package for publication including the mandatory audit pursuant to Article 8 of the Taxonomy Regulation in connection with the sustainability reporting of UniCredit S.p.A., a review of the voluntary sustainability reporting of HVB Group and provide other auditing services, also in connection with the offsetting of interim gains, and a maintenance activity.

# Other Information (Continued)

## 96 Employees

| AVERAGE NUMBER OF PEOPLE EMPLOYED BY US | 2024 | 2023 |
|---|---|---|
| Employees (excluding trainees) | 10,694 | 11,428 |
| Full-time | 7,629 | 8,073 |
| Part-time | 3,065 | 3,355 |
| Trainees | 198 | 196 |

## 97 Offices

| | | ADDITIONS | REDUCTIONS | | | |
|---|---|---|---|---|---|---|
| | 1/1/2024 | NEW OPENINGS | CLOSURES | CONSOLI-DATIONS | CHANGE IN CONSOLIDATED GROUP | 31/12/2024 |
| **Germany** | | | | | | |
| Baden-Wuerttemberg | 13 | — | 1 | — | — | 12 |
| Bavaria | 206 | — | 2 | 5 | (3) | 196 |
| Berlin | 5 | — | — | 1 | — | 4 |
| Brandenburg | 5 | — | 1 | — | — | 4 |
| Bremen | 1 | — | — | — | — | 1 |
| Hamburg | 13 | — | — | 1 | — | 12 |
| Hesse | 12 | — | — | — | — | 12 |
| Lower Saxony | 11 | — | — | — | (2) | 9 |
| Mecklenburg-Western Pomerania | 3 | — | — | — | — | 3 |
| North Rhine-Westphalia | 8 | — | — | — | — | 8 |
| Rhineland-Palatinate | 11 | — | — | — | — | 11 |
| Saarland | 2 | — | — | — | — | 2 |
| Saxony | 6 | — | — | 1 | — | 5 |
| Saxony-Anhalt | 6 | — | 1 | — | — | 5 |
| Schleswig-Holstein | 24 | — | 2 | — | — | 22 |
| Thuringia | 5 | — | — | — | — | 5 |
| **Subtotal** | **331** | **—** | **7** | **8** | **(5)** | **311** |
| | | | | | | |
| **Other regions** | | | | | | |
| Africa | — | — | — | — | — | — |
| Americas | 5 | — | — | — | — | 5 |
| Asia | 2 | — | — | — | — | 2 |
| Europe | 33 | — | 1 | — | (1) | 31 |
| **Subtotal** | **40** | **—** | **1** | **—** | **(1)** | **38** |
| | | | | | | |
| **Total** | **371** | **—** | **8** | **8** | **(6)** | **349** |

# Other Information (Continued)

## 98 List of holdings

The separate list of holdings drawn up in compliance with Section 313 (2) HGB, contains all the affiliates, joint ventures and associates broken down by whether they are included in the consolidated financial statements or not. The list also includes selected holdings pursuant to Section 271 (1) HGB and structured entities included in the consolidated financial statements, with and without an HVB shareholding.

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| **1. Controlled companies** | | | | | | |
| | | | | | | |
| **1.1. Controlled by share of voting rights** | | | | | | |
| **1.1.1. Consolidated subsidiaries** | | | | | | |
| **1.1.1.1. Banks and financial institutions** | | | | | | |
| UniCredit Leasing Finance GmbH | Hamburg | 100.0 | 100.0 | EUR | 160,013 | 1 |
| **1.1.1.2. Other consolidated subsidiaries** | | | | | | |
| Argentaurus Immobilien-Vermietungs- und Verwaltungs GmbH[3)] | Munich | 100.0 | 100.0 | EUR | 793 | 1 |
| GEMMA Verwaltungsgesellschaft mbH & Co. Vermietungs KG[3)] | Munich | 98.7 | 98.7 | EUR | 24,694 | 1,427 |
| H.F.S. Immobilienfonds GmbH | Munich | 100.0 | 100.0 | EUR | 26 | 1 |
| H.F.S. Leasingfonds Deutschland 7 GmbH & Co. KG[3)] | Munich | 99.4 | 99.4 | EUR | (7,812) | (472) |
| H.F.S. Leasingfonds GmbH | Grünwald | 100.0 | 100.0 | EUR | 581 | 306 |
| HVB Immobilien AG[3)] | Munich | 100.0 | — | EUR | 86,644 | 2.1 |
| HVB Projekt GmbH[3)] | Munich | 100.0 | 90.0 | EUR | 76,253 | 1 |
| HVB Tecta GmbH[3)] | Munich | 100.0 | 94.0 | EUR | 1,751 | 1 |
| HVB Verwa 4 GmbH[3)] | Munich | 100.0 | — | EUR | 10,358 | 2.2 |
| HVB Verwa 4.4 GmbH[3)] | Munich | 100.0 | 100.0 | EUR | 10,025 | 1 |
| Monnet 8-10 S.à r.l. | Luxembourg | 100.0 | — | EUR | 39,993 | (6,104) |
| Omnia Grundstücks-GmbH & Co. Objekt Haidenauplatz KG[3)] | Munich | 100.0 | 94.0 | EUR | 26 | — |
| Othmarschen Park Hamburg GmbH & Co. Gewerbepark KG[3)] | Munich | 100.0 | 100.0 | EUR | (44,083) | — |
| Rolin Grundstücksplanungs- und -verwaltungsgesellschaft mbH | Munich | 100.0 | 100.0 | EUR | (506) | 21 |
| T & P Frankfurt Development B.V. [4.1)] | Amsterdam | 100.0 | 100.0 | EUR | (5,865) | (6) |
| T & P Vastgoed Stuttgart B.V. [4.1)] | Amsterdam | 87.5 | 87.5 | EUR | (15,491) | 1 |
| TERRENO Grundstücksverwaltung GmbH & Co. Entwicklungs- und Finanzierungsvermittlungs KG[3)] | Munich | 75.0 | 75.0 | EUR | (268,640) | — |
| UniCredit Capital Markets LLC | New York | 100.0 | 100.0 | USD | 223,439 | 21,046 |
| UniCredit Direct Services GmbH[3)] | Munich | 100.0 | — | EUR | 838 | 2.3 |
| UniCredit Leasing GmbH[7)] | Hamburg | 100.0 | — | EUR | 352,027 | 2.4 |
| UniCredit U.S. Finance LLC | Wilmington | 100.0 | — | USD | 117,975 | 11,043 |
| Vermietungsgesellschaft mbH & Co. Objekt MOC KG[3)] | Munich | 89.3 | 89.3 | EUR | (94,467) | 1,189 |
| V.M.G. Vermietungsgesellschaft mbH | Munich | 100.0 | 100.0 | EUR | 26 | 1 |
| Wealth Management Capital Holding GmbH | Munich | 100.0 | — | EUR | 20,475 | 2.5 |
| WealthCap Entity Service GmbH | Munich | 100.0 | 100.0 | EUR | 580 | 234 |
| WealthCap Equity GmbH | Munich | 100.0 | 100.0 | EUR | 874 | (454) |
| WealthCap Equity Management GmbH | Munich | 100.0 | 100.0 | EUR | 248 | (360) |
| WealthCap Fonds GmbH | Munich | 100.0 | 100.0 | EUR | 646 | 2 |
| WealthCap Immobilien 1 GmbH & Co. KG | Munich | 100.0 | 100.0 | EUR | 3,341 | 497 |
| WealthCap Immobilien 2 GmbH & Co. KG | Munich | 100.0 | 100.0 | EUR | 1,824 | (315) |
| Wealthcap Immobilien 43 Komplementär GmbH | Munich | 100.0 | 100.0 | EUR | 32 | 7 |
| Wealthcap Immobilienankauf Komplementär GmbH | Munich | 100.0 | 100.0 | EUR | 30 | 5 |
| WealthCap Immobilienfonds Deutschland 36 Komplementär GmbH | Munich | 100.0 | 100.0 | EUR | (292) | (318) |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| WealthCap Immobilienfonds Deutschland 38 Komplementär GmbH | Munich | 100.0 | 100.0 | EUR | (19) | 44 |
| WealthCap Initiatoren GmbH | Munich | 100.0 | 100.0 | EUR | 142 | (118) |
| WealthCap Investment Services GmbH | Munich | 100.0 | 90.0 | EUR | 4,000 | [1] |
| WealthCap Investments, Inc. | Wilmington | 100.0 | 100.0 | USD | 1,394 | (80) |
| WealthCap Investorenbetreuung GmbH | Munich | 100.0 | 100.0 | EUR | 155 | [1] |
| WealthCap Kapitalverwaltungsgesellschaft mbH[7] | Grünwald | 100.0 | 100.0 | EUR | 18,000 | [1] |
| WealthCap Leasing GmbH | Grünwald | 100.0 | 100.0 | EUR | 77 | 276 |
| WealthCap Management Services GmbH | Munich | 100.0 | 100.0 | EUR | (5,405) | (43) |
| Wealthcap Objekt Stuttgart III GmbH & Co. KG | Munich | 100.0 | 100.0 | EUR | (6,357) | (545) |
| Wealthcap Objekt-Vorrat 35 GmbH & Co. KG | Munich | 100.0 | 100.0 | EUR | (24,920) | 937 |
| Wealthcap Objekt-Vorrat 37 GmbH & Co. KG | Munich | 100.0 | 100.0 | EUR | (16,480) | (1,868) |
| WealthCap PEIA Komplementär GmbH | Grünwald | 100.0 | 100.0 | EUR | (21) | (103) |
| WealthCap PEIA Management GmbH | Munich | 100.0 | 94.0 | EUR | 1,145 | 1,068 |
| WealthCap Real Estate Management GmbH | Munich | 100.0 | 100.0 | EUR | 108 | [1] |
| WealthCap Vorrats-2 GmbH | Munich | 100.0 | 100.0 | EUR | 25 | 9 |
| Weicker S.à r.l. | Luxembourg | 100.0 | — | EUR | 22,916 | 3,877 |
| **1.1.2. Non-consolidated subsidiaries [5]** | | | | | | |
| AGRUND Grundstücks-GmbH | Munich | 90.0 | 90.0 | | | |
| AMMS Komplementär GmbH i.L. | Grünwald | 98.8 | 98.8 | | | |
| Antus Immobilien- und Projektentwicklungs GmbH i.L. | Munich | 90.0 | 90.0 | EUR | (12,200) | — |
| ARRONDA Immobilienverwaltungs GmbH | Munich | 100.0 | 100.0 | EUR | (35,826) | — |
| Atlanterra Immobilienverwaltungs GmbH | Munich | 90.0 | 90.0 | EUR | (32,562) | — |
| A&T-Projektentwicklungs GmbH & Co. Potsdamer Platz Berlin KG | Munich | 100.0 | 100.0 | EUR | (37,255) | (3) |
| Aufbau Dresden GmbH | Munich | 100.0 | 100.0 | EUR | (22,994) | — |
| Bertram Projekt Unodecima Technikzentrum GmbH & Co. KG i.L. | Munich | 94.0 | 94.0 | | | |
| B.I. International Limited | George Town | 100.0 | 100.0 | | | |
| BIL Immobilien Fonds GmbH | Munich | 100.0 | 100.0 | | | |
| BIL Leasing-Fonds GmbH & Co VELUM KG i.L. (share of voting rights 66.7%, of which held indirectly 33.3%) | Grünwald | 100.0 | — | | | |
| Blue Capital Metro Amerika Inc. | Wilmington | 100.0 | 100.0 | | | |
| Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Alpha Management KG | Munich | 100.0 | 100.0 | EUR | (22,880) | — |
| Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Beta Management KG | Munich | 100.0 | 100.0 | EUR | (53,477) | — |
| Delpha Immobilien- und Projektentwicklungs GmbH & Co. Großkugel Bauabschnitt Gamma Management KG | Munich | 100.0 | 100.0 | EUR | (59,493) | — |
| Food & more GmbH | Munich | 100.0 | — | EUR | 100 | [2.6] |
| Golf- und Country Club Seddiner See Immobilien GmbH | Munich | 100.0 | 100.0 | EUR | (15,507) | — |
| Großkugel Immobilien- und Projektentwicklungs GmbH | Munich | 100.0 | 100.0 | EUR | (3,354) | — |
| Grundstücksaktiengesellschaft am Potsdamer Platz (Haus Vaterland) | Munich | 98.2 | 98.2 | EUR | 4,495 | [1] |
| H.F.S. Immobilienfonds Deutschland 12 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| H.F.S. Immobilienfonds Deutschland 15 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| H.F.S. Zweitmarktfonds Deutschland 1 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| H.F.S. Zweitmarktfonds Deutschland 2 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Hofgarten Real Estate B.V. (share of voting rights 50.5%) | Amsterdam | 47.2 | 47.2 | EUR | (49,338) | (2) |
| HVB Export Leasing GmbH | Munich | 100.0 | — | | | |
| HVB Hong Kong Limited | Hong Kong | 100.0 | — | USD | 2,562 | 12 |
| HVB Secur GmbH | Munich | 100.0 | — | EUR | 126 | [2.7] |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % | | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| | | TOTAL | OF WHICH HELD INDIRECTLY | | | |
| Landos Immobilien- und Projektentwicklungs GmbH | Munich | 100.0 | 100.0 | | | |
| Life Verwaltungs Erste GmbH i.L. | Munich | 100.0 | 100.0 | | | |
| Life Verwaltungs Zweite GmbH i.L. | Grünwald | 100.0 | 100.0 | | | |
| Motion Picture Production GmbH i.L | Grünwald | 51.2 | 51.2 | | | |
| Omnia Grundstücks-GmbH | Munich | 100.0 | 100.0 | EUR | 26 | [1] |
| Omnia Grundstücks-GmbH & Co. Betriebs KG | Munich | 100.0 | 94.0 | | | |
| Othmarschen Park Hamburg GmbH & Co. Centerpark KG | Munich | 100.0 | 100.0 | EUR | (18,942) | — |
| Othmarschen Park Hamburg Wohn- und Gewerbepark GmbH | Munich | 100.0 | 100.0 | EUR | 102 | [1] |
| Projekt-GbR Kronstadter Straße München | Munich | 75.0 | 75.0 | EUR | (5,692) | (1) |
| Redstone Mortgages Limited | London | 100.0 | — | | | |
| Roncasa Immobilien-Verwaltungs GmbH | Munich | 100.0 | 100.0 | EUR | (31,420) | — |
| Simon Verwaltungs-Aktiengesellschaft i.L. | Munich | <100.0 | — | EUR | 2,936 | 30 |
| Sirius Immobilien- und Projektentwicklungs GmbH | Munich | 100.0 | 100.0 | EUR | (143,835) | [1] |
| Solos Immobilien- und Projektentwicklungs GmbH & Co. Sirius Beteiligungs KG | Munich | 100.0 | 100.0 | EUR | (59,906) | — |
| Spree Galerie Hotelbetriebsgesellschaft mbH | Munich | 100.0 | 100.0 | EUR | (1,938) | [1] |
| TERRENO Grundstücksverwaltung GmbH | Munich | 75.0 | 75.0 | | | |
| TERRENO Grundstücksverwaltung GmbH & Co. Objektgesellschaft Grillparzerstraße KG | Munich | 75.0 | — | EUR | (3,002) | (3) |
| Terronda Development B.V. | Amsterdam | 100.0 | 100.0 | EUR | (14,933) | 3 |
| VCI Volta Center Immobilienverwaltungs GmbH | Munich | 100.0 | 100.0 | EUR | (16,347) | — |
| WealthCap Canadian Management Inc. | Toronto | 100.0 | 100.0 | | | |
| Wealthcap Erneuerbare Energien 2 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| WealthCap Europa Erste Immobilien - Objekte Niederlande - Verwaltungs GmbH i.L. | Munich | 100.0 | 100.0 | | | |
| Wealthcap Fondsportfolio Immobilien International 1 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| WealthCap Immobilien Deutschland 39 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Immobilien Nordamerika 16 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Immobilien Nordamerika 17 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Immobilien 40 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Immobilien 41 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| Wealthcap Immobilien 42 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| Wealthcap Immobilien 44 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| Wealthcap Immobilien 46 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| Wealthcap Immobilien 47 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Immobilienfonds Deutschland 37 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Los Gatos 121 Albright Way GP, Inc. | Wilmington | 100.0 | 100.0 | | | |
| WealthCap Management, Inc. | Wilmington | 100.0 | 100.0 | | | |
| Wealthcap Objekt-Vorrat 36 GmbH & Co. KG | Munich | 100.0 | 100.0 | | | |
| Wealthcap Objekt-Vorrat 40 GmbH & Co. KG | Munich | 100.0 | 100.0 | | | |
| Wealthcap Objekt-Vorrat 41 GmbH & Co. KG | Munich | 100.0 | 100.0 | | | |
| Wealthcap Objekt-Vorrat 42 GmbH & Co. KG | Munich | 100.0 | 100.0 | | | |
| Wealthcap Objekt-Vorrat 43 GmbH & Co. KG | Munich | 100.0 | 100.0 | | | |
| WealthCap Portfolio 3 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Wealthcap Portfolio 4 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Wealthcap Portfolio 5 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Wealthcap Portfolio 6 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| WealthCap Private Equity 19 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| WealthCap Private Equity 20 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| WealthCap Private Equity 21 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| WealthCap Private Equity 22 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Wealthcap Private Equity 23 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Wealthcap Private Equity 24 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Wealthcap Private Equity 25 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Wealthcap Private Equity 26 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| WealthCap Real Estate GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Real Estate Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Real Estate Sekundär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap SachWerte Portfolio 2 Komplementär GmbH | Grünwald | 100.0 | 100.0 | | | |
| Wealthcap Spezial Büro 6 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| Wealthcap Spezial Büro 7 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| Wealthcap Spezial Immobilien 9 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| Wealthcap Spezial Portfolio Immobilien 1 Komplementär SARL | Luxembourg—Findel | 100.0 | 100.0 | | | |
| Wealthcap Spezial Portfolio Private Equity 1 Komplementär SARL | Luxembourg—Findel | 100.0 | 100.0 | | | |
| Wealthcap Spezial Wohnen 1 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Spezial 3 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Spezial 4 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Spezial 5 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Spezial-AIF 1 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap Stiftungstreuhand GmbH | Munich | 100.0 | 100.0 | | | |
| WealthCap ZweitmarktWerte 5 GP S.à r.l. | Senningerberg | 100.0 | 100.0 | | | |
| WealthCap 39 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |
| Wealthcap 45 Komplementär GmbH | Munich | 100.0 | 100.0 | | | |

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL in % | CURRENCY | SUBSCRIBED CAPITAL thousands |
|---|---|---|---|---|
| **1.2. Fully consolidated structured entities with or without shareholding** | | | | |
| Arabella Finance DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 28 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 31 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 32 S.A. – Compartment 1 | Luxembourg | — | EUR | 31 |
| Elektra Purchase No. 33 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 350 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 36 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 37 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 38 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 43 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 46 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 54 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 56 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 69 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 71 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 74 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 79 DAC | Dublin | — | EUR | < 1 |
| Elektra Purchase No. 82 DAC | Dublin | — | EUR | < 1 |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL in % | CURRENCY | SUBSCRIBED CAPITAL thousands |
|---|---|---|---|---|
| H.F.S. Leasingfonds GmbH & Co. Deutschland 8 KG, Ebersberg (held indirectly)[6.1] | Ebersberg | 0.1 | EUR | — |
| H.F.S. Leasingfonds GmbH & Co. Deutschland 9 KG, Ebersberg (held indirectly)[6.2] | Ebersberg | 0.1 | EUR | — |
| H.F.S. Leasingfonds GmbH & Co. Deutschland 10 KG, Ebersberg (held indirectly)[6.3] | Ebersberg | 0.1 | EUR | — |
| H.F.S. Leasingfonds GmbH & Co. Deutschland 11 KG, Ebersberg (held indirectly)[6.4] | Ebersberg | 0.1 | EUR | — |
| H.F.S. Leasingfonds GmbH & Co. Deutschland 12 KG, Ebersberg (held indirectly)[6.5] | Ebersberg | 0.1 | EUR | — |
| Ice Creek Pool No. 1 DAC | Dublin | — | EUR | < 1 |
| Ice Creek Pool No. 5 DAC | Dublin | — | EUR | < 1 |
| PaDel Finance 01 DAC | Dublin | — | EUR | < 1 |
| Rosenkavalier 2008 GmbH | Frankfurt am Main | — | EUR | 25 |
| Rosenkavalier 2015 UG | Frankfurt am Main | — | EUR | 8 |
| Rosenkavalier 2020 UG | Frankfurt am Main | — | EUR | 3 |
| Rosenkavalier 2022 UG | Frankfurt am Main | — | EUR | 3 |
| Wealthcap Spezial-AIF-SV Büro 8 | Grünwald | — | EUR | — |

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL in % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL thousands | NET PROFIT/(LOSS) thousands |
|---|---|---|---|---|---|---|
| **2. Joint ventures** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| **3. Associates** | | | | | | |
| | | | | | | |
| **3.1. Associates valued at equity** | | | | | | |
| Comtrade Group GmbH[4.2)] | Zug | 21.1 | — | EUR | 142,688 | 9,587 |
| **3.2. Minor associates[5)]** | | | | | | |
| MOC Verwaltungs GmbH | Munich | 23.0 | 23.0 | | | |
| MOC Verwaltungs GmbH & Co. Immobilien KG | Munich | 23.0 | 23.0 | EUR | 724 | 615 |

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| **4. Further holdings according to Section 271 (1) HGB[5)]** | | | | | | |
| | | | | | | |
| **4.1. Banks and financial institutions** | | | | | | |
| AKA Ausfuhrkredit-Gesellschaft mbH[7)] | Frankfurt am Main | 15.4 | — | EUR | 291,821 | 8,025 |
| BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH | Berlin | 3.2 | — | EUR | 13,689 | 152 |
| BGG Bayerische Garantiegesellschaft mbH für mittelständische Beteiligungen | Munich | 10.5 | — | EUR | 62,971 | 429 |
| Bürgschaftsbank Brandenburg GmbH | Potsdam | 7.8 | — | EUR | 40,663 | 3,894 |
| Bürgschaftsbank Hamburg GmbH | Hamburg | 10.5 | — | EUR | 27,682 | 257 |
| Bürgschaftsbank Mecklenburg-Vorpommern GmbH | Schwerin | 9.2 | — | EUR | 17,792 | 288 |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| Bürgschaftsbank Niedersachsen GmbH | Hannover | 3.0 | — | EUR | 36,968 | 1,947 |
| Bürgschaftsbank Nordrhein-Westfalen GmbH - Kreditgarantiegemeinschaft - | Düsseldorf | 0.6 | — | EUR | 42,915 | 1,425 |
| Bürgschaftsbank Rheinland-Pfalz GmbH | Mainz | 1.4 | — | EUR | 17,692 | 66 |
| Bürgschaftsbank Saarland Gesellschaft mit beschränkter Haftung, Kreditgarantiegemeinschaft für den Handel, Handwerk und Gewerbe | Saarbrücken | 1.3 | — | EUR | 4,790 | 118 |
| Bürgschaftsbank Sachsen-Anhalt GmbH | Magdeburg | 8.9 | — | EUR | 17,557 | 341 |
| Bürgschaftsbank Sachsen GmbH (share of voting rights 5.4%) | Dresden | 4.7 | — | EUR | 45,065 | 129 |
| Bürgschaftsbank Schleswig-Holstein GmbH | Kiel | 5.4 | — | EUR | 42,671 | 393 |
| Bürgschaftsbank Thüringen GmbH | Erfurt | 8.7 | — | EUR | 28,710 | 1,014 |
| MCB Bank Limited | Lahore | >0 | — | PKR | 230,706,869 | 59,631,097 |
| Saarländische Investitionskreditbank AG | Saarbrücken | 3.3 | — | EUR | 70,161 | 1,849 |
| **4.2. Other companies** | | | **—** | | | |
| ABE Clearing S.A.S. | Paris | 2.1 | — | EUR | 52,300 | 5,661 |
| Acton GmbH & Co. Heureka II KG | Munich | 8.9 | — | EUR | 74,214 | 9,046 |
| Amstar Liquidating Trust (share of voting rights 0.0%) | New York | >0 | >0 | | | |
| Babcock & Brown Limited i.I. | Sydney | 3.2 | — | | | |
| BayBG Bayerische Beteiligungsgesellschaft mbH[8)] | Munich | 22.5 | — | EUR | 269,260 | 5,132 |
| Bayerischer BankenFonds GbR[8)] | Munich | 25.6 | — | | | |
| Blue Capital Equity I GmbH & Co. KG i.L. | Munich | >0 | >0 | EUR | 1,289 | 26 |
| Blue Capital Equity II GmbH & Co. KG i.L. | Munich | >0 | >0 | EUR | 1,256 | (49) |
| Blue Capital Equity III GmbH & Co. KG (share of voting rights >0%) | Munich | 0.8 | 0.8 | EUR | 3,285 | (310) |
| Blue Capital Equity IV GmbH & Co. KG | Munich | >0 | >0 | EUR | 10,096 | 188 |
| Blue Capital Equity IX GmbH & Co. KG (share of voting rights 0.6%) | Munich | 0.7 | 0.7 | EUR | 2,371 | 77 |
| Blue Capital Equity V GmbH & Co. KG (share of voting rights >0%) | Munich | 0.1 | 0.1 | | | |
| Blue Capital Equity VI GmbH & Co. KG | Munich | >0 | >0 | EUR | 2,409 | (144) |
| Blue Capital Equity VII GmbH & Co. KG | Munich | >0 | >0 | EUR | 2,044 | (55) |
| Blue Capital Equity VIII GmbH & Co. KG (share of voting rights >0%) | Munich | 0.7 | 0.7 | EUR | 4,211 | (117) |
| Blue Capital Metro Amerika Fund, L.P. | Wilmington | 0.1 | 0.1 | USD | 55,357 | (27,058) |
| Blue Capital Metropolitan Amerika GmbH & Co. KG | Munich | 0.1 | 0.1 | EUR | 51,884 | (20,184) |
| Carlyle Partners V, L.P. (share of voting rights 0.0%) | Wilmington | >0 | >0 | USD | 861,760 | (3,584) |
| Carlyle U.S. Equity Opportunity Fund, L.P. (share of voting rights 0.0%) | Wilmington | 0.9 | 0.9 | USD | 2,850 | - |
| CLS Group Holdings AG | Lucerne | 1.2 | — | GBP | 321,712 | (2,388) |
| CME Group Inc. | Wilmington | >0 | - | USD | 26,737,900 | 3,226,200 |
| Einkaufsgalerie Roter Turm Beteiligungs GmbH & Co. KG | Munich | >0 | >0 | EUR | 6,906 | 223 |
| Einkaufsgalerie Roter Turm Chemnitz GmbH & Co. KG | Munich | >0 | >0 | EUR | 40,621 | - |
| EURO Kartensysteme GmbH | Frankfurt am Main | 6.0 | — | EUR | 12,918 | 277 |
| Film & Entertainment VIP Medienfonds 4 GmbH & Co. KG i.L. | Grünwald | 10.9 | 10.9 | EUR | 17,027 | (4,048) |
| H.F.S. Immobilienfonds Bahnhofspassagen Potsdam GmbH & Co. KG i.L. | Munich | 6.0 | 6.0 | EUR | 6,109 | 22 |
| H.F.S. Immobilienfonds Deutschland 10 GmbH & Co. KG i.L. | Munich | 1.4 | 1.4 | EUR | 6,749 | (99) |
| H.F.S. Immobilienfonds Deutschland 12 GmbH & Co. KG | Munich | 3.9 | 3.9 | EUR | 52,041 | 5,613 |
| H.F.S. Immobilienfonds Deutschland 15 GmbH & Co. KG | Munich | 0.1 | 0.1 | EUR | 5,812 | 1,058 |
| H.F.S. Zweitmarktfonds Deutschland 1 GmbH & Co. KG | Grünwald | 0.1 | 0.1 | EUR | 8,087 | 412 |
| H.F.S. Zweitmarktfonds Deutschland 2 GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 46,289 | 3,630 |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| HVB Trust Pensionsfonds AG[9] (share of voting rights 0.0%) | Munich | 100.0 | — | EUR | 4,145 | 82 |
| HVBFF Life Britannia GmbH & Co Erste KG i.L. | Grünwald | >0 | >0 | EUR | 1,673 | (40) |
| IGEPA Gewerbepark GmbH & Co Vermietungs KG | Munich | 2.0 | 2.0 | EUR | (5,402) | 14,121 |
| IPE Tank and Rail Investment 1 S.C.A. | Luxembourg | 14.6 | — | EUR | 1,187 | (220) |
| JBG/BC Investor, L.P. | Chevy Chase | 0.5 | 0.5 | USD | 38,474 | 609 |
| Kepler Cheuvreux S.A. [7] (share of voting rights 8.9%) | Paris | 10.6 | — | EUR | 123,736 | 24,894 |
| Kreditgarantiegemeinschaft der freien Berufe Baden-Württemberg Verwaltungs-GmbH | Stuttgart | 1.3 | — | | | |
| Kreditgarantiegemeinschaft der Industrie, des Verkehrsgewerbes und des Gastgewerbes Baden-Württemberg Verwaltungs-GmbH | Stuttgart | 2.6 | — | EUR | 1,300 | - |
| Kreditgarantiegemeinschaft des bayerischen Gartenbaues GmbH | Munich | 8.1 | — | | | |
| Kreditgarantiegemeinschaft des bayerischen Handwerks GmbH | Munich | 7.2 | — | EUR | 4,846 | - |
| Kreditgarantiegemeinschaft des Handels Baden-Württemberg Verwaltungs-GmbH | Stuttgart | 2.3 | — | EUR | 1,022 | - |
| Kreditgarantiegemeinschaft des Handwerks Baden-Württemberg Verwaltungsgesellschaft mbH | Stuttgart | 2.5 | — | EUR | 1,001 | - |
| Kreditgarantiegemeinschaft des Hotel- und Gaststättengewerbes in Bayern GmbH | Munich | 9.7 | — | EUR | 4,359 | - |
| Kreditgarantiegemeinschaft für den Handel in Bayern GmbH | Munich | 2.2 | — | EUR | 6,317 | - |
| Kreditgarantiegemeinschaft in Baden-Württemberg Verwaltungs-GmbH | Stuttgart | 5.1 | — | EUR | 1,023 | - |
| Life GmbH & Co Erste KG i.L. | Munich | >0 | >0 | EUR | 8,318 | 164 |
| Life GmbH & Co. Zweite KG i.L. | Grünwald | >0 | >0 | EUR | 5,078 | 38 |
| LME Holdings Limited (share of voting rights 0.0%) | London | >0 | — | USD | 57,715 | (27) |
| Martin Schmälzle Grundstücksgesellschaft Objekt Wolfsburg GmbH & Co. KG i.L. | Munich | >0 | >0 | EUR | 1,779 | 47 |
| MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH | Stuttgart | 5.0 | — | EUR | 107,902 | 8,304 |
| MBG Mittelständische Beteiligungsgesellschaft Hamburg mbH | Hamburg | 13.6 | — | EUR | 5,734 | 132 |
| MBG Mittelständische Beteiligungsgesellschaft Rheinland-Pfalz mbH (share of voting rights 11.1%) | Mainz | 9.8 | — | EUR | 17,466 | 193 |
| MBG Mittelständische Beteiligungsgesellschaft Schleswig-Holstein mbH | Kiel | 3.6 | — | EUR | 51,686 | 2,387 |
| Mittelständische Beteiligungsgesellschaft Berlin-Brandenburg GmbH | Potsdam | 11.6 | — | EUR | 27,796 | 1,389 |
| Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH | Schwerin | 15.4 | — | EUR | 20,208 | 594 |
| Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH | Hannover | 8.2 | — | EUR | 17,099 | 284 |
| Mittelständische Beteiligungsgesellschaft Sachsen-Anhalt mit beschränkter Haftung | Magdeburg | 12.7 | — | EUR | 26,295 | 917 |
| Mittelständische Beteiligungsgesellschaft Sachsen mbH | Dresden | 11.8 | — | EUR | 49,983 | 347 |
| Mittelständische Beteiligungsgesellschaft Thüringen mbH | Erfurt | 13.4 | — | EUR | 30,019 | 883 |
| Motion Picture Production GmbH & Co. Erste KG i.L. (share of voting rights 0.1%) | Grünwald | >0 | >0 | EUR | 3,111 | 268 |
| Mühoga Münchner Hochgaragen Gesellschaft mit beschränkter Haftung[8] | Munich | 25.0 | — | EUR | 7,302 | 1,660 |
| PICIC Insurance Ltd. | Karachi | >0 | — | | | |
| ProAreal GmbH i. I. | Wiesbaden | 10.0 | — | EUR | (98,618) | (16) |
| REF IV Corporation Ltd. Acqua CIV S.C.S. (share of voting rights 0.0%) | Luxembourg | 38.5 | — | | | |
| Rocket Internet Capital Partners (Euro) SCS (share of voting rights 0.0%) | Luxembourg | 4.4 | — | EUR | 628,513 | (89,074) |
| Saarländische Kapitalbeteiligungsgesellschaft mit beschränkter Haftung (share of voting rights 8.8%) | Saarbrücken | 8.7 | — | EUR | 8,135 | 232 |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| Social Venture Fund GmbH & Co. KG i.L. (share of voting rights 0.0%) | Munich | 9.6 | — | EUR | 493 | 2,566 |
| Social Venture Fund II GmbH & Co. KG (share of voting rights 0.0%) | Munich | 4.5 | — | EUR | 9,279 | (552) |
| SwanCap FLP II SCSp[10] (share of voting rights 37.5%) | Senningerberg | - | — | EUR | 32 | 2,899 |
| SwanCap FLP SCS[10] (share of voting rights 37.5%) | Senningerberg | - | — | EUR | (25) | 611 |
| SwanCap TB II SCSp[11] (share of voting rights 0.0%) | Senningerberg | >0 | — | EUR | 416 | 192 |
| S.W.I.F.T. SC | La Hulpe | 0.3 | — | EUR | 664,092 | 38,075 |
| True Sale International GmbH | Frankfurt am Main | 7.7 | — | EUR | 4,536 | (136) |
| VISA Inc. (share of voting rights 0.0%) | Wilmington | >0 | — | USD | 38,733,000 | 17,273,000 |
| WealthCap Aircraft 25 GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 2,881 | (1,710) |
| WealthCap Aircraft 26 GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 8,563 | (1,946) |
| WealthCap Aircraft I GmbH & Co. KG | Munich | >0 | >0 | EUR | 1,613 | (85) |
| Wealthcap Büro Spezial-AIF 6 GmbH & Co. geschlossene Investment KG | Munich | 14.0 | 14.0 | EUR | 91,288 | (14,882) |
| Wealthcap Fondsportfolio Immobilien International 1 GmbH & Co. geschlossene Investment KG | Grünwald | 17.6 | 17.6 | EUR | 7,558 | (1,028) |
| WealthCap Fondsportfolio Private Equity 21 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 59,811 | 2,711 |
| WealthCap Fondsportfolio Private Equity 22 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 20,031 | 984 |
| Wealthcap Fondsportfolio Private Equity 23 GmbH & Co. geschlossene Investment KG | Grünwald | 0.1 | 0.1 | EUR | 16,243 | (281) |
| Wealthcap Fondsportfolio Private Equity 24 GmbH & Co. geschlossene Investment KG | Grünwald | 0.1 | 0.1 | EUR | 13,575 | (185) |
| Wealthcap Fondsportfolio Private Equity 25 GmbH & Co. geschlossene Investment KG | Grünwald | 0.2 | 0.2 | | | |
| Wealthcap Fondsportfolio Private Equity 26 GmbH & Co. geschlossene Investment KG | Grünwald | 0.6 | 0.6 | | | |
| WealthCap Immobilien Deutschland 38 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 133,626 | (23,299) |
| WealthCap Immobilien Deutschland 39 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 156,430 | (31,778) |
| WealthCap Immobilien Deutschland 40 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 75,799 | (22,000) |
| WealthCap Immobilien Deutschland 41 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 121,848 | (41,797) |
| Wealthcap Immobilien Deutschland 42 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 111,020 | (1,033) |
| Wealthcap Immobilien Deutschland 44 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 54,857 | (8,754) |
| Wealthcap Immobilien Deutschland 45 GmbH & Co. geschlossene Investment KG | Munich | 1.6 | 1.6 | EUR | 22,690 | (16,712) |
| Wealthcap Immobilien Deutschland 46 GmbH & Co. geschlossene Investment KG | Munich | 2.0 | 2.0 | EUR | (146) | (166) |
| WealthCap Immobilienfonds Deutschland 30 GmbH & Co. KG | Munich | >0 | >0 | EUR | 49,858 | 1,401 |
| WealthCap Immobilienfonds Deutschland 31 GmbH & Co. KG (share of voting rights 0.1%) | Munich | >0 | >0 | EUR | 44,516 | 1,748 |
| WealthCap Immobilienfonds Deutschland 32 GmbH & Co. KG (share of voting rights 0.1%) | Munich | >0 | >0 | EUR | 60,153 | 9,608 |
| WealthCap Immobilienfonds Deutschland 33 GmbH & Co. KG | Munich | >0 | >0 | EUR | 60,603 | 4,600 |
| WealthCap Immobilienfonds Deutschland 34 GmbH & Co. KG (share of voting rights 0.1%) | Munich | >0 | >0 | EUR | 44,518 | 3,686 |
| WealthCap Immobilienfonds Deutschland 35 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 257,792 | 124,889 |
| WealthCap Immobilienfonds Deutschland 37 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 153,817 | 94,590 |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| WealthCap Immobilienfonds Donauwörth 1 GmbH & Co. KG | Munich | >0 | >0 | EUR | 18,121 | 1,784 |
| WealthCap Immobilienfonds Donauwörth 2 GmbH & Co. KG | Munich | >0 | >0 | EUR | 4,738 | 709 |
| WealthCap Immobilien Nordamerika 16 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 9,879 | (38,279) |
| WealthCap Immobilien Nordamerika 17 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 50,586 | (8,358) |
| WealthCap Infrastructure Fund I GmbH & Co. KG | Munich | >0 | >0 | EUR | 1,342 | (109) |
| WealthCap Infrastruktur Amerika GmbH & Co. KG (share of voting rights 0.1%) | Grünwald | >0 | >0 | | | |
| WealthCap Leasing 1 GmbH & Co. KG | Grünwald | 5.5 | 5.5 | EUR | 23,838 | 2,847 |
| WealthCap Leasing 2 GmbH & Co. KG | Grünwald | 5.5 | 5.5 | EUR | 24,020 | 3,345 |
| WealthCap Leasing 3 GmbH & Co. KG | Grünwald | 5.5 | 5.5 | EUR | 22,271 | 2,693 |
| WealthCap Leasing 4 GmbH & Co. KG | Grünwald | 5.5 | 5.5 | EUR | 20,210 | 2,370 |
| WealthCap LebensWert 1 GmbH & Co. KG (share of voting rights 0.3%) | Grünwald | >0 | >0 | EUR | 1,213 | 1,003 |
| WealthCap LebensWert 2. GmbH & Co. KG (share of voting rights 0.1%) | Grünwald | >0 | >0 | EUR | 2,871 | 1,947 |
| WealthCap Life Britannia 2. GmbH & Co KG i.L. | Munich | >0 | >0 | EUR | 1,296 | (40) |
| WealthCap Life USA 4. GmbH & Co. KG i.L. | Grünwald | >0 | >0 | EUR | 4,374 | (93) |
| WealthCap Los Gatos 121 Albright Way L.P. | Wilmington | >0 | >0 | USD | 53,561 | (6,505) |
| WealthCap Objekt Berg-am-Laim GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 110,754 | (9,609) |
| Wealthcap Objekt Berg-am-Laim II GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 65,930 | (7,169) |
| Wealthcap Objekt Berlin I GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 35,604 | (3,649) |
| WealthCap Objekt Berlin II GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 47,778 | 1,023 |
| Wealthcap Objekt Berlin III GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 27,317 | (13,733) |
| WealthCap Objekt Bogenhausen GmbH & Co. KG | Munich | >0 | >0 | EUR | 107,131 | 5,686 |
| Wealthcap Objekt Dresden GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 53,645 | (5,680) |
| Wealthcap Objekte Grasbrunn und Ismaning GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 58,734 | 245 |
| WealthCap Objekt Essen GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 20,855 | 1,593 |
| Wealthcap Objekt Essen II GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 37,346 | (8,304) |
| WealthCap Objekte Südwest GmbH & Co. KG | Munich | 5.1 | 5.1 | EUR | 53,013 | 3,227 |
| WealthCap Objekt Frankfurt GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 43,623 | (1,112) |
| Wealthcap Objekt Freiburg GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 28,969 | (765) |
| Wealthcap Objekt Fürstenfeldbruck GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 6,430 | 378 |
| WealthCap Objekt Hackerbrücke GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 32,860 | 2,493 |
| WealthCap Objekt Hamburg GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 18,033 | 1,060 |
| WealthCap Objekt Hannover Ia GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 12,568 | 1,531 |
| WealthCap Objekt Hannover Ib GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 3,481 | 291 |
| WealthCap Objekt Hannover II GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 13,823 | 613 |
| WealthCap Objekt Hufelandstraße GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 1,648 | (100) |
| Wealthcap Objekt Ludwigsburg GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 30,569 | (1,152) |
| Wealthcap Objekt Mainz GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 32,339 | (927) |
| Wealthcap Objekt Nürnberg GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 29,495 | 1,124 |
| Wealthcap Objekt Ottobrunn GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 8,017 | 394 |
| WealthCap Objekt Riem GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 28,299 | 1,268 |
| WealthCap Objekt Riem II GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 35,231 | 2,711 |
| WealthCap Objekt Schwabing GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 25,042 | 1,884 |
| WealthCap Objekt Sendling GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 50,892 | 3,033 |
| WealthCap Objekt Stuttgart Ia GmbH & Co. KG | Munich | >0 | >0 | EUR | 15,117 | 1,455 |
| WealthCap Objekt Stuttgart Ib GmbH & Co. KG | Munich | >0 | >0 | EUR | 16,729 | 1,449 |
| WealthCap Objekt Stuttgart II GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 19,910 | (2,702) |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| WealthCap Objekt Theresienhöhe GmbH & Co. KG | Munich | 5.2 | 5.2 | EUR | 57,973 | (5,666) |
| Wealthcap Objekt Trudering GmbH & Co. KG | Munich | 10.2 | 10.2 | EUR | 2,927 | (297) |
| Wealthcap Objekt Tübingen GmbH & Co. KG | Munich | 0.1 | 0.1 | EUR | 13,944 | 1,081 |
| WealthCap Photovoltaik 1 GmbH & Co. KG (share of voting rights 0.1%) | Grünwald | >0 | >0 | EUR | 25,757 | 3,268 |
| WealthCap Portfolio 3 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 49,150 | (975) |
| Wealthcap Portfolio 4/5 GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 54,585 | (47) |
| Wealthcap Portfolio 4 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 62,598 | 2,887 |
| Wealthcap Portfolio 5 GmbH & Co. geschlossene Investment KG | Grünwald | 0.2 | 0.2 | EUR | 10,257 | 480 |
| Wealthcap Portfolio 6 GmbH & Co. geschlossene Investment KG | Grünwald | 0.2 | 0.2 | EUR | 10,433 | (373) |
| WealthCap Private Equity 10 GmbH & Co. KG | Munich | >0 | >0 | EUR | 1,840 | 121 |
| WealthCap Private Equity 11 GmbH & Co. KG | Munich | >0 | >0 | EUR | 1,023 | 184 |
| WealthCap Private Equity 12 GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 3,831 | (299) |
| WealthCap Private Equity 13 GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 37,495 | 2,418 |
| WealthCap Private Equity 14 GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 21,376 | 1,546 |
| WealthCap Private Equity 15 GmbH & Co. KG (share of voting rights 0.1%) | Grünwald | >0 | >0 | EUR | 4,396 | (130) |
| WealthCap Private Equity 16 GmbH & Co. KG (share of voting rights 0.3%) | Grünwald | >0 | >0 | | | |
| WealthCap Private Equity 17 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 12,017 | 567 |
| WealthCap Private Equity 18 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 8,406 | 418 |
| WealthCap Private Equity 19 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 76,110 | (9,934) |
| WealthCap Private Equity 20 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 23,772 | (3,038) |
| WealthCap SachWerte Portfolio 1 GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 11,534 | (614) |
| WealthCap SachWerte Portfolio 2 GmbH & Co. geschlossene Investment KG | Grünwald | >0 | >0 | EUR | 82,069 | 920 |
| WealthCap Spezial-AIF 1 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 193,558 | 12,224 |
| WealthCap Spezial-AIF 2 GmbH & Co. geschlossene Investment KG | Munich | 5.2 | 5.2 | EUR | 74,411 | (39,297) |
| WealthCap Spezial-AIF 3 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 299,716 | (52,856) |
| WealthCap Spezial-AIF 4 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 234,313 | (7,773) |
| WealthCap Spezial-AIF 5 GmbH & Co. geschlossene Investment KG | Munich | 10.1 | 10.1 | EUR | 380,669 | (97,350) |
| Wealthcap Spezial-AIF Büro 7 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 77,355 | (18,251) |
| Wealthcap Spezial-AIF Immobilien 9 GmbH & Co. geschlossene Investment KG | Munich | 0.2 | 0.2 | EUR | 2,833 | 660 |
| Wealthcap Spezial Portfolio Immobilien 1 SCS SICAV-SIF | Luxembourg-Findel | >0 | >0 | EUR | 36,136 | (3,537) |
| Wealthcap Spezial Portfolio Private Equity 1 SCS SICAV-SIF | Luxembourg-Findel | >0 | >0 | EUR | 4,330 | (170) |
| WealthCap US Life Dritte GmbH & Co. KG i.L. (share of voting rights >0%) | Grünwald | 0.1 | 0.1 | EUR | 2,767 | (1) |
| Wealthcap Wohnen 1a GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 31,364 | (159) |
| Wealthcap Wohnen 1b GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 24,582 | 612 |
| Wealthcap Wohnen 1 GmbH & Co. KG | Munich | 10.1 | 10.1 | EUR | 51,056 | 619 |

# Other Information (Continued)

| NAME | REGISTERED OFFICE | SHARE OF CAPITAL IN % TOTAL | OF WHICH HELD INDIRECTLY | CURRENCY | EQUITY CAPITAL in thousands | NET PROFIT in thousands |
|---|---|---|---|---|---|---|
| Wealthcap Wohnen Spezial-AIF 1 GmbH & Co. geschlossene Investment KG | Munich | >0 | >0 | EUR | 123,570 | (8,938) |
| WealthCap Zweitmarkt 3 BASIS GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 20,317 | 1,670 |
| WealthCap Zweitmarkt 3 PLUS GmbH & Co. KG | Grünwald | >0 | >0 | EUR | 3,710 | (62) |
| WealthCap ZweitmarktWerte Immobilien 4 GmbH & Co. KG | Munich | >0 | >0 | EUR | 4,627 | 199 |
| Wohnungsbaugesellschaft der Stadt Röthenbach a.d.Pegnitz mit beschränkter Haftung | Röthenbach a.d. Pegnitz | 5.2 | — | EUR | 5,260 | 243 |

***Exchange rates for 1 euro at the reporting date***

Currency code according to the International Organisation for Standardisation (ISO code)

| | | | |
|---|---|---|---|
| UK | 1 EUR = | 0.8292 | GBP |
| Pakistan | 1 EUR = | 288.27 | PKR |
| USA | 1 EUR = | 1.0389 | USD |

***Notes and comments to the list of holdings***

Percentages marked < or > are rounded up or down to no decimal place. Thus <100% corresponds, for example, to 99.99% or >0%, for example, to 0.01%.

1 Profit and loss transfer to shareholders and partners

2 UniCredit Bank GmbH has concluded profit and loss agreements with the following companies:

| | Company | Profit/(loss) transferred € thousands |
|---|---|---|
| 2.1 | HVB Immobilien AG, Munich | (87) |
| 2.2 | HVB Verwa 4 GmbH, Munich | (22) |
| 2.3 | UniCredit Direct Services GmbH, Munich | 2643 |
| 2.4 | UniCredit Leasing GmbH, Hamburg | 19,541 |
| | of which relating to 2023 | 1,785 |
| 2.5 | Wealth Management Capital Holding GmbH, Munich | (60,537) |
| | of which relating to 2023 | (341) |
| 2.6 | Food & more GmbH, Munich | (1164) |
| 2.7 | HVB Secur GmbH, Munich | 287 |

3 The exemption under Section 264b HGB or under Section 264 (3) HGB applies to the company.

4 Figures from the previous year annual accounts are indicated for this consolidated company.

4.1 Figures from the 2022 annual account

4.2 Figures from the 2023 annual accounts

5 Where equity capital and net profit/loss are not stated, the information is omitted due to minor importance compliant with Section 286 (3) 1 No. 1 HGB.

6 Disclosures on structured companies with shareholdings included in the consolidated financial statements

6.1 Equity capital amounts to minus €3,645 thousand and the net profit/loss to minus €116 thousand.

6.2 Equity capital amounts to minus €352 thousand and the net profit/loss to minus €121 thousand.

6.3 Equity capital amounts to minus €2,661 thousand and the net profit/loss to minus €91 thousand.

6.4 Equity capital amounts to minus €2,469 thousand and the net profit/loss to minus €79 thousand.

6.5 Equity capital amounts to minus €3,148 thousand and the net profit/loss to minus €100 thousand.

7 Pursuant to Section 340a (4) (2) HGB: holdings in large corporations with a share of voting rights greater than 5%.

8 Despite a holding of more than 20%, UniCredit Bank GmbH has no significant influence over the company on account of the ownership structure and the voting patterns to date.

9 The company is held by a trustee on behalf of UniCredit Bank GmbH.

10 UniCredit Bank GmbH holds the position of a limited partner under company law and participates in the profit of the company.

11 UniCredit Bank GmbH holds the position of a limited partner under company law but does not participate in the profit of the company.

# Other Information (Continued)

## 99 Members of the Supervisory Board[1]

| | |
|---|---|
| Andrea Orcel | Chairman |
| Florian Schwarz | Deputy Chairman |
| Dr Bernd Metzner | Deputy Chairman |
| Dr Michael Diederich | Member – Shareholder representative |
| Sabine Eckhardt | Member – Shareholder representative |
| Dr Claudia Mayfeld<br>until 31 October 2024 | Member – Shareholder representative |
| Sabine Heimbach<br>since 1 November 2024 | Member – Shareholder representative |
| Fiona Melrose | Member – Shareholder representative |
| Sonia Nassar<br>since 17 June 2024 | Member – Employee representative |
| Claudia Richter | Member – Employee representative |
| Thomas Schöner<br>until 30 April 2024 | Member – Employee representative |
| Oliver Skrbot | Member – Employee representative |
| Christian Staack | Member – Employee representative |
| Gregor Völkl | Member – Employee representative |

1 As at 31 December 2024.

# Other Information (Continued)

## 100 Members of the Executive Board[1]

| | |
|---|---|
| Marion Höllinger | Spokeswoman of the Executive Board (CEO)<br>until 29 February 2024 People & Culture (including Labour and Social Affairs pursuant to Section 27 (2) 2 MgVG) |
| René Babinsky<br>since 1 March 2024 | Head of Private Clients |
| Marion Bayer-Schiller<br>since 1 July 2024 | Head of Large Corporates |
| Martin Brinckmann<br>since 1 July 2024 | Head of Small and Medium Corporates |
| Artur Gruca | Chief Digital & Operating Officer (CDOO) |
| Marco Iannaccone<br>since 1 April 2024 | Head of Client Solutions |
| Dr Jürgen Kullnigg<br>until 31 March 2024 | Chief Risk Officer (CRO) |
| Jan Kupfer<br>until 30 June 2024 | Head of Corporates<br>Head of Client Solutions ad interim until 31 March 2024 |
| Georgiana Lazar-O'Callaghan<br>since 1 March 2024 | Head of People & Culture<br>since 1 March 2024 People & Culture (including Labour and Social Affairs pursuant to Section 27 (2) 2 MgVG) |
| Pierpaolo Montana<br>since 1 April 2024 | Chief Risk Officer (CRO) |
| Monika Rast<br>until 29 February 2024 | Head of Private Clients |
| Ljubisa Tesić | Chief Financial Officer (CFO) |

1 As at 31 December 2024.

Munich, 28 February 2025

UniCredit Bank GmbH
Executive Board

| | | |
|---|---|---|
| René Babinsky | Marion Bayer-Schiller | Martin Brinckmann |
| Artur Gruca | Marco Iannaccone | Marion Höllinger |
| Georgiana Lazar-O'Callaghan | Pierpaolo Montana | Ljubisa Tesić |

# Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and Management's Discussion and Analysis includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 28 February 2025

UniCredit Bank GmbH
The Executive Board

| | | |
|---|---|---|
| René Babinsky | Marion Bayer-Schiller | Martin Brinckmann |
| Artur Gruca | Marco Iannaccone | Marion Höllinger |
| Georgiana Lazar-O'Callaghan | Pierpaolo Montana | Ljubisa Tesić |

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

# Independent Auditor's Report

To UniCredit Bank GmbH, Munich

## Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

**Opinions**

We have audited the consolidated financial statements of UniCredit Bank GmbH, Munich, and its subsidiaries (the Group), which comprise the balance sheet as of December 31, 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2024, and notes to the consolidated financial statements, including significant information on the accounting policies. In addition, we have audited the management report of the Company and the Group (hereinafter: combined management report) of UniCredit Bank GmbH for the financial year from January 1 to December 31, 2024.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2024, and of its financial performance for the financial year from January 1 to December 31, 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

**Basis for the Opinions**

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [*Institute of Public Auditors in Germany*] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

**Key Audit Matters in the Audit of the Consolidated Financial Statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

### Determination of allowances for expected credit losses (Stages 1 and 2)

The significant accounting policies and significant accounting judgments are described in Note 14 in the notes to the consolidated financial statements. For information on impairment under IFRS 9, please refer to Notes 54, 55 and 74 in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

As of December 31, 2024, UniCredit Bank GmbH reported in its consolidated financial statements a loss allowance for financial assets in Stage 1 of EUR 161 million (PY: EUR 207 million) and Stage 2 of EUR 419 million (PY: EUR 643 million).

The determination of impairment is based on expected credit losses and therefore also includes expectations about the future. Expected credit losses are recognized pursuant to IFRS 9 using a three-stage process to calculate impairment.

The loss allowance in Stage 1 corresponds to the expected credit losses from default events in the next twelve months. The loss allowance in Stage 2 relates to financial instruments whose credit risk has risen considerably since initial recognition. Stage 2 loss allowances take into account all expected credit losses from default events for the entire remaining term.

Calculating the allowance for expected credit losses in Stages 1 and 2 requires the use of complex models.

This includes considering various value determinants, such as the determination of statistical default probabilities and loss rates, the possible amount due on default, the stage transfer criteria related to a significant change in borrowers' credit risk (significant increase in credit risk, SICR), as well as the calculation of future cash flows. Furthermore, macroeconomic scenarios are incorporated into the calculation.

Further current external information which cannot be reflected by the scenarios is – where necessary – included in the measurement through subsequent overlay adjustments.

There is considerable judgment with regard to the models used to determine the aforementioned parameters, the internal ratings, the criteria for identifying a significant increase in credit risk, the selection of macroeconomic variables as well as the determination of the overlays.

There is the risk for the financial statements that due to inappropriate use of models or inappropriate parameters, the amount of the allowance for expected credit losses is inaccurately presented in Stages 1 and 2.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures to support our audit opinion. We tested the design, setup and effectiveness of the relevant controls used to determine the loss allowance.

Among others, our audit included controls regarding the:

- Determination of parameter-based loss allowances
- Validation of the models used for this purpose and the application of parameters
- Rating determination and approvals
- Approval of the concept and the determination of overlays

With the involvement of our IT experts, we verified the effectiveness of the general IT controls and application controls for the IT systems and individual data processing systems deployed in this regard.

In addition, we conducted the following substantive audit procedures:

- Evaluation of methods for calculating the loss allowances and the accounting policies for the loss allowances
- Evaluation of significant model modifications
- Verification of the Bank's validations for selected, significant models and recalculation of validation tests
- Review of the ratings, collateral valuation and assessment of solvency for borrowers selected on a risk basis, and assessment of the criteria used to identify a significant increase in credit risk
- Evaluation of the stage methodology and allocation as well as its implementation
- Recalculation of the parameter-based loss allowance calculation
- Assessment of the appropriateness of the macroeconomic variables, scenarios and their weighting

- Assessment of the assumptions, calculation and implementation of overlays
- Benchmarking of key elements of the methodology, assumptions and macroeconomic variables with institutions of similar size and complexity

OUR OBSERVATIONS

The models used to determine the allowance for expected credit losses of Stages 1 and 2 were applied appropriately in accordance with the applicable accounting policies. The parameters underlying the calculation are appropriate.

### Determination of fair value of Level 2 and Level 3 financial instruments

The significant accounting policies are described in Notes 9 to 12 as well as 22 to 23 in the notes to the consolidated financial statements. For information on the fair value categories with regard to Level 2 and Level 3 financial instruments, please refer to Note 80 in the notes to consolidated financial statements.

THE FINANCIAL STATEMENT RISK

Financial instruments of fair value Levels 2 and 3 under IFRS 13 are largely securities and derivatives measured at fair value according to IFRS 9 for which there is no quoted price on an active market and for which valuation methods are used based on observable and unobservable market data.

As of the reporting date, the Group reported under assets Level 2 and Level 3 financial instruments of EUR 61 billion (PY: EUR 53 billion) which are measured at fair value. This corresponds to 65.5% (PY: 65.4%) of financial assets measured at fair value and 20.9% (PY: 18.8%) of total assets, representing a significant item within the Bank's assets.

Level 2 and Level 3 financial instruments of EUR 59 billion (PY: EUR 4 billion) measured at fair value are included under liabilities. This corresponds to 94.1% (PY: 87.1%) of financial liabilities measured at fair value and 20.3% (PY: 16.4%) of total equity and liabilities, representing a significant item within the Bank's liabilities.

The valuation methods used may be based on complex models and include assumptions subject to judgment, especially for unobservable parameters.

There is the risk for the financial statements that the Level 2 and Level 3 financial instruments are measured using inappropriate valuation models as well as inappropriate inputs and that these financial instruments are thus reported in an inaccurate amount.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we developed an audit approach which encompasses both control testing as well as substantive audit procedures. We tested the design, setup and effectiveness of the relevant controls used to determine the fair values for Level 2 and Level 3 financial instruments.

Among others, our audit included controls regarding the:

- Validation or independent verification of observable and unobservable market data/prices
- Validation of the measurement methods and models

- Recording of trading transactions as well as the measurement of relevant trade data in the IT systems

In addition, we audited the effectiveness of the general IT controls in the IT systems deployed.

As of December 31, 2024, we carried out (among other things) the following substantive audit procedures for Level 2 and Level 3 financial instruments selected based on risk:

- Remeasurement of fair values using independent valuation methods, inputs and models with the involvement of KPMG's internal valuation experts
- Inspection of the functional design and documentation as well as remeasurement of adjustments – which were selected based on risk – for determining fair value, and
- Assessment of appropriateness of the own credit spread and funding spread curve used to measure financial liabilities.

OUR OBSERVATIONS

The valuation models and inputs used to determine the fair value of Level 2 and Level 3 financial instruments are appropriate.

## Balance sheet presentation of the transfer of the trading activities

The significant accounting policies are described in Note 29 in the notes to the consolidated financial statements. Please refer to Notes 40, 51, 57, 68 and 70 in the notes to the consolidated financial statements for information on the affected items of the consolidated balance sheet and the consolidated income statement.

THE FINANCIAL STATEMENT RISK

In financial year 2023, a decision was made to transfer the trading activities within UniCredit Group to the parent company UniCredit S.p.A., Milan, in future and to discontinue UniCredit Bank GmbH's trading activities on the market.

In this context, both the transfer of the financial instruments of the respective portfolios in several tranches and the sale of the trading business to the parent company were agreed.

The corresponding employees are also being transferred to the parent company.

In 2024, the interest-related trading activities and the associated portfolio of interest-bearing securities with market values of EUR 4.9 billion under assets and market values of EUR 2.4 billion under liabilities were transferred in a first step in accordance with the agreement.

For the transfer of risks from the customer and hedge derivatives within this portfolio, new derivatives were concluded back-to-back with the parent company respectively novations were agreed with the external counterparties. As a result, derivatives with a net market value under assets of EUR 2.7 billion were transferred.

The net fair value of all transfers amounting to EUR 5.2 billion was reimbursed by the parent company to UniCredit Bank GmbH in the form of a compensation payment.

A purchase price was agreed for the sale of the trading activities, which was based on the estimated future income.

The purchase price was paid in the financial year. It was recognized as a liability outside of profit or loss in view of the further transfer steps that have not yet taken place.

The valuation of the transferred financial instruments on which the compensation payment is based and the determination of the selling price of the trading activities are subject to judgment.

The further gradual transfer of the remaining trading activities, including the financial instruments of the portfolios, will take place by 2026.

Due to the high number of transactions and the complex structure of the individual transfer steps, there are increased operational risks.

There is the risk for the financial statements that the presentation of these significant transactions between affiliated companies, which are unusual in terms of their size and complexity, and the measurement of the corresponding financial instruments and the determination of the selling price have not been carried out in accordance with the contractual basis and the applicable accounting principles.

In addition, there is the risk that the purchase price payment received was not properly reflected in the financial reporting.

OUR AUDIT APPROACH

We obtained an understanding of the transactions and assessed the resulting risks using the contractual documents and the internal documentation of UniCredit Bank GmbH.

We then obtained an understanding of the Bank's quality assurance measures aimed at the correct implementation of these non-routine transactions.

On this basis, we performed (among others) the following key audit procedures:

- Performing a remeasurement of the fair values of entire portfolios as well as selected samples of the transferred financial instruments and risk exposures from other transferred portfolios using independent valuation methods, parameters and models by KPMG's internal valuation experts in order to test the market conformity of the recognized fair values
- Comparison of the individual transactions carried out as part of the transfers with the contractual agreements
- Verification of the mathematical calculation of the compensation payments as the balance of the positive and negative fair values of the individual transferred risk exposures and transferred financial instruments
- Assessment of the appropriateness of the external expert opinion underlying the purchase price calculation
- Assessment of the recognition of the purchase price payment received in 2024 outside of profit or loss
- Verification of the compensation payments made and the purchase price paid using proof of payments

OUR OBSERVATIONS

The procedure for presenting the transactions and measuring the corresponding financial instruments and the purchase price payment is in line with the contractual basis and the applicable accounting principles.

### Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the corporate governance statement pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards), included in the section "Corporate governance statement pursuant to Section 289f (4) HGB" of the combined management report.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control or of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to provide a basis for our opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other Legal and Regulatory Requirements

**Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB**

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the “ESEF documents”) contained in the electronic file "2025-02-27 19-40-08 - 250227_1800_2024_GB_Q4_HVB Group_DE_V60_FINAL_AUFSTELLUNG_28.2.2025_clean" (SHA256 hash value: 22b8f04d244cb3386121d95ce9d2654ee0cc2fb16cf680ee09fbc89c00dd82ef) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2024, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1) (09.2022).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

**Further information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor of the consolidated financial statements at the Annual General Meeting on March 25, 2024. We were engaged by the Supervisory Board on October 21, 2024. We have been the auditor of the consolidated financial statements of UniCredit Bank GmbH without interruption since financial year 2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

## Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

## German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Klaus-Ulrich Pfeiffer.

Munich, February 28, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

| | |
|---|---|
| Pfeiffer<br>Wirtschaftsprüfer<br>[German Public Auditor] | Geiger<br>Wirtschaftsprüfer<br>[German Public Auditor] |

# List of Executives and Outside Directorships

## Supervisory Board[1]

| Name,<br>occupation,<br>place of residence | Positions on other statutory supervisory boards of German companies | Position on comparable boards of German and foreign companies |
|---|---|---|
| **Andrea Orcel**<br><br>Group Chief Executive Officer and Head of Italy of UniCredit S.p.A.,<br>Milan<br><br>Chairman | | EIS Group Inc., San Francisco (USA) |
| **Florian Schwarz**<br><br>Employee of UniCredit Bank GmbH,<br>Munich<br><br>Deputy Chairman | | |
| **Dr Bernd Metzner**<br><br>Member of the Management Board (Chief Financial Officer) of Gerresheimer AG,<br>Düsseldorf<br><br>Deputy Chairman | Gerresheimer Bünde GmbH, Bünde (Deputy Chairman)<br>Gerresheimer Regensburg GmbH, Regensburg (Deputy Chairman)<br>Gerresheimer Tettau GmbH, Tettau (Deputy Chairman) | Gerresheimer Glass Inc., Vineland (USA)<br>Centor US Holding Inc., Perrysburg (USA)<br>Centor Inc., Perrysburg (USA)<br>Centor Pharma Inc., Perrysburg (USA)<br>Corning Pharmaceutical Packaging LLC, New York (USA) (until 4 April 2024)<br>Sensile Medical AG, Olten (Switzerland) |
| **Dr Michael Diederich**<br><br>Member of the Management Board (Chief Financial Officer) and Deputy Chairman of the Management Board of FC Bayern München AG,<br>Riemerling | Ehrmann SE, Oberschönegg | akf bank GmbH & Co KG, Wuppertal (since 1 October 2024)<br>Bundesliga International GmbH, Frankfurt am Main (since 1 August 2024) |
| **Sabine Eckhardt**<br><br>Supervisory Board member and advisor (former CEO Central Europe Jones Lang LaSalle SE and member of the Executive Board of ProSiebenSat.1 Media SE),<br>Munich | CECONOMY AG, Düsseldorf<br>Edel SE & Co. KGaA, Hamburg (Chairwoman) | |
| **Sabine Heimbach**<br>since 1 November2024<br><br>Political and communications consultant (former Managing Director and Member of the Board of Bayerischer Bankenverband e.V., Deputy Spokesperson of the former Federal Government),<br>Anzing | | |
| **Dr Claudia Mayfeld**<br>until 31 October 2024<br><br>Member of the Management Board of Knorr-Bremse Aktiengesellschaft,<br>Dortmund | Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Munich<br>Knorr-Bremse Systeme für Nutzfahrzeuge GmbH, Munich | |
| **Fiona Melrose**<br><br>Head of Group Strategy and ESG of UniCredit S.p.A.,<br>Milan | | |
| **Sonia Nassar**<br>since 17 June 2024<br><br>Employee of UniCredit Bank GmbH,<br>Paris | | |

# List of Executives and Outside Directorships (Continued)

| Name,<br>occupation,<br>place of residence | Positions on other statutory supervisory boards of German companies | Position on comparable boards of German and foreign companies |
|---|---|---|
| **Claudia Richter**<br><br>Employee of UniCredit Bank GmbH,<br>Fürth | | |
| **Thomas Schöner**<br>until 30 April 2024<br><br>Employee of Structured Invest S.A.,<br>Saarwellingen | | |
| **Oliver Skrbot**<br><br>Employee of UniCredit Bank GmbH,<br>Buttenwiesen | | |
| **Christian Staack**<br><br>Employee of UniCredit Bank GmbH,<br>Hamburg | | |
| **Gregor Völkl**<br><br>District Trade Secretary of Vereinte Dienstleistungsgewerkschaft ver.di FB 1 unit – Financial Services Munich district,<br>Munich | Generali Deutschland AG, Munich | |

1 As at 31 December 2024.

# List of Executives and Outside Directorships (Continued)

## Supervisory Board committees[1,2]

***Audit Committee***
Dr Bernd Metzner, Chairman
Sabine Eckhardt
Fiona Melrose
Oliver Skrbot

***Nomination Committee***
Fiona Melrose, Chairwoman (since 1 November 2024)
Dr Michael Diederich, (Chairman until 31 October 2024)
Sabine Eckhardt
Florian Schwarz

***Remuneration Control Committee***
Fiona Melrose, Chairwoman
Sabine Eckhardt
Dr Claudia Mayfeld (until 31 October 2024)
Sabine Heimbach (since 1 November 2024)
Florian Schwarz

***Risk Committee***
Dr Michael Diederich, Chairman (since 1 November 2024)
Dr Claudia Mayfeld (until 31 October 2024, Chairwoman until 31 October 2024)
Sabine Heimbach (since 1 November 2024)
Fiona Melrose
Christian Staack

1 As of 31 December 2024.
2 See also the Report of the Supervisory Board.

# List of Executives and Outside Directorships (Continued)

## Trustees[1]

***Trustees for Pfandbrief operations pursuant to Section 7 of the German Pfandbrief Act***

**Robert Saliter**
Ministerialdirigent (Director General) in the Bavarian State Ministry of Finance and Homeland Affairs, Munich

***Deputies***

**Dr Tanja Benzinger (until 30 June 2024)**
Managing Director of SGM Sicherheitsgesellschaft am Flughafen München mbH, Freising

**Dr Frank Hils (since 1 July 2024)**
Ministerialrat (Director General) in the Bavarian State Ministry of Finance and Homeland Affairs, Munich

**Dominik Kazmaier**
Ministerialdirigent (Director General) in the Bavarian State Ministry of Finance and Homeland Affairs, Fürstenfeldbruck

1 As of 31 December 2024.

# List of Executives and Outside Directorships (Continued)

## Executive Board[1]

| Name | Positions on statutory supervisory boards of other German companies | Positions on comparable boards of other German and foreign companies |
|---|---|---|
| **Marion Höllinger**<br>born 1972<br><br>Spokeswoman of the Executive Board (CEO)[1]<br>until 29 February 2024 Head of People & Culture (incl. Human Capital/Labour & Social Affairs pursuant to Section 27 (2) s. 2 MgVG) | | ESMT European School of Management and Technology GmbH, Berlin<br><br>Kreditanstalt für Wiederaufbau (KfW), Frankfurt am Main (since 1 January2024) |
| **René Babinsky**<br>born 1978<br><br>since 1 March 2024<br><br>Head of Private Clients | | |
| **Marion Bayer-Schiller**<br>born 1976<br><br>since 1 July 2024<br><br>Head of Large Corporates | HVB Immobilien AG, Munich[2]<br>(since 27 April 2022) | |
| **Martin Brinckmann**<br>born 1980<br><br>since 1 July 2024<br><br>Head of Small and Medium Corporates | | |
| **Artur Gruca**<br>born 1979<br><br>Chief Digital & Operating Officer (CDOO) | HVB Immobilien AG, Munich, (since 6 March 2024), (Deputy Chairman since 6 April 2024)[2] | |
| **Marco Iannaccone**<br>born 1970<br><br>since 1 April 2024<br><br>Head of Client Solutions | WealthCap Kapitalverwaltungsgesellschaft mbH, Grünwald (Chairman) (since 1 February 2024)[2] | Wealth Management Capital Holding GmbH, Munich (Chairman) (since 1 February 2024)[2] |
| **Dr Jürgen Kullnigg**<br>born 1961<br><br>until 31 March 2024<br><br>Chief Risk Officer (CRO) | HVB Immobilien AG, Munich[3]<br>(Deputy Chairman (until 31 March 2024)<br>WealthCap Kapitalverwaltungsgesellschaft mbH, Grünwald (Deputy Chairman) (until 31 March 2024) [2]. | Wealth Management Capital Holding GmbH, Munich (Deputy Chairman) (until 31 March 2024)[2] |
| **Jan Kupfer**<br>born 1964<br><br>until 30 June 2024<br><br>Head of Corporates, Head of Client Solutions Germany (acting) | Bayerische Börse Aktiengesellschaft, Munich (Deputy Chairman) | |
| **Georgiana Lazar-O'Callaghan**<br>born 1980<br><br>since 1 March 2024<br><br>Head of People & Culture (incl. Human Capital/Labour & Social Affairs pursuant to Section 27 (2) s. 2 MgVG) | | |

# List of Executives and Outside Directorships (Continued)

| Name | Positions on statutory supervisory boards of other German companies | Positions on comparable boards of other German and foreign companies |
| --- | --- | --- |
| **Pierpaolo Montana**<br>born 1967<br><br>since 1 March 2024<br><br>Chief Risk Officer (CRO) | HVB Immobilien AG, Munich, (since 6 March 2024), (Deputy Chairman since 6 April 2024)[2]<br>WealthCap Kapitalverwaltungsgesellschaft mbH, Grünwald (Deputy Chairman) (since 1 April 2024)[2] | Wealth Management Capital Holding GmbH, Munich (Deputy Chairman) (since 1 April 2024)[2] |
| **Monika Rast**<br>born 1972<br><br>until 29 February 2024<br><br>Head of Private Clients | | UniCredit Bulbank AD, Sofia (Bulgaria) (until 7 March 2024)[2] |
| **Ljubisa Tesić**<br>born 1976<br><br>Chief Financial Officer (CFO) | | |

1 As at 31 December 2024
2 Group directorship.

## List of employees and outside directorships

| Name | Positions[1] on statutory supervisory boards of other companies |
| --- | --- |
| Dr Fackler, Stephan | HVB Trust Pensionsfonds AG, Munich |
| Iliev, Nikolay | HVB Trust Pensionsfonds AG, Munich |
| Dr Jungemann, Lars | HVB Trust Pensionsfonds AG, Munich |
| di Stasi, Salvatore | Kepler Cheuvreux S.A. |
| Stipkovic, Sven | WealthCap Kapitalverwaltungsgesellschaft mbH[2] |
| Weidenhöfer, Peter | WealthCap Kapitalverwaltungsgesellschaft mbH[2] |
| Woisetschläger, Herbert | WealthCap Kapitalverwaltungsgesellschaft mbH[2] |
| Dr Fackler, Stephan | HVB Trust Pensionsfonds AG, Munich |

1 As at 31 December 2024.
2 Group directorship.

# Report of the Supervisory Board

In the reporting year, the Supervisory Board of UniCredit Bank GmbH (hereinafter: “HVB” or “Bank”) discharged the responsibilities incumbent on it by law, the Articles of Association and its By-laws. Within that framework it advised the Executive Board on the conduct of the Bank’s affairs, continuously monitored its management activities and thus satisfied itself that these were lawful and proper. This year, the Supervisory Board focused on various projects in the context of implementing the “UniCredit Unlocked” strategic plan.
The Supervisory Board solicited extensive reports on these topics from the Executive Board. In addition, the Executive Board informed the Supervisory Board regularly, promptly and comprehensively of business policies and the business strategy along with fundamental issues concerning corporate management and planning as well as the economic position of the individual business units. The Supervisory Board examined the financial development of the Bank and HVB Group, their profitability and earnings situation, liquidity and capital management and the risk situation. The Executive Board also submitted a full report on significant transactions, legal risks, including legal disputes, and compliance topics that were discussed at length by the Supervisory Board. These reports were provided primarily at the meetings of the Supervisory Board and its committees, but also outside meetings in written form. Furthermore, important topics and pending decisions were addressed at regular meetings between the Spokeswoman of the Executive Board and the Chairman of the Supervisory Board. The Supervisory Board was directly consulted at an early stage on decisions of fundamental importance for the Bank, engaged in comprehensive consultations on the matters at hand and, insofar as this was indicated, voted on the same after conducting an appropriate review. Resolutions of the Supervisory Board were also passed outside meetings, as required. Where necessary, meetings were held or individual items on the agenda were discussed even without the participation of the Executive Board. Potential conflicts of interest of individual Supervisory Board members were disclosed and taken into account where these existed.

**Meetings and other resolutions of the full Supervisory Board**
The Supervisory Board held six regular meetings and four extraordinary meetings in the 2024 financial year.

The Supervisory Board addressed the following subjects in particular:

At the first meeting of the year on **19 February 2024**, the Supervisory Board confirmed that the total amount proposed as variable remuneration in 2023 for Executive Board members and HVB Group employees was appropriate. Furthermore, the Supervisory Board appointed Ms Georgiana Lazar-O‘Callaghan and Mr René Babinsky as members of the Executive Board with effect from 1 March 2024 – after establishing their individual suitability – and approved their respective managing director employment contracts including their remuneration packages. Among other things, the Supervisory Board also established the collective suitability of the Executive Board in its future composition. Moreover, the Supervisory Board approved the filing of a court application by the Executive Board to appoint Ms Sonia Nassar as an employee representative on the Supervisory Board. In particular, it established the individual suitability of Ms Nassar and the collective suitability of the Supervisory Board in its future composition with effect from the court appointment of Ms Nassar to the Supervisory Board.

At the strategy and accounts meeting on **8 March 2024,** the Supervisory Board discussed the 2023 annual and consolidated financial statements including the combined management report for UniCredit Bank GmbH and HVB Group with the independent auditor, KPMG AG Wirtschaftsprüfungsgesellschaft (hereinafter “KPMG”) and approved them at the recommendation of the Audit Committee following its own in-depth review. The Supervisory Board also dealt with the report on relations with affiliated companies (Dependent Company Report) and approved the report of the Supervisory Board for the 2023 financial year. As part of the report from the Audit Committee, the Supervisory Board was then briefed on compliance with banking supervisory regulations and discussed the implementation of the audit plan of the Internal Audit in 2023. Another key topic of the meeting was the “Business and Risk Strategies 2023” of HVB Group, taking climate and environmental risks and goals into account. In this context, the Supervisory Board also considered the 2024 budget and the multi-year projection for 2025 – 2026 of HVB Group as well as the results of the Supervisory Review and Evaluation Process (SREP). In addition, the

# Report of the Supervisory Board (Continued)

Supervisory Board discussed the implementation of the overall risk appetite and risk strategy with the Executive Board. The resolutions proposed for the Shareholders' Meeting were also adopted.

At the meeting on **22 March 2024,** the Supervisory Board reviewed the structure of the 2024 Group Incentive System for the Bank that contains rules on determining the variable remuneration for risk takers as defined by the German Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems (Institutsvergütungsverordnung – InstitutsVergV) and adopted this for Executive Board members taking account of the recommendations of the Remuneration Control Committee. In addition, the Supervisory Board discussed and passed a resolution on the variable remuneration for Executive Board members, including former members of the Management Board, for the 2023 financial year as well as the targets set for 2024 for Executive Board members.

At the meeting on **22 April 2024,** the Supervisory Board was briefed, among other things, on the current situation, in particular through updates on strategy implementation and on individual projects. The Supervisory Board then discussed the quarterly figures as at 31 March 2024 with the Executive Board and granted the audit engagement for 2024 to KPMG.

At the extraordinary meeting on **16 May 2024,** the Supervisory Board resolved the regular reappointment of Ms Marion Höllinger and Mr Ljubisa Tesić as members of the Bank's Executive Board. The Supervisory Board also discussed the appropriateness and customary nature of the 2024 remuneration packages for Executive Board members and adjusted the remuneration packages and/or managing director employment contracts of individual members of the Executive Board.

At a further extraordinary meeting on **5 June 2024,** the Supervisory Board approved the amicable termination of the appointment of Mr Jan Kupfer as an Executive Board member with effect to the end of 30 June 2024, appointed Ms Marion Bayer-Schiller and Mr Martin Brinckmann as Executive Board members with effect from 1 July 2024 – after establishing their individual suitability – and approved their respective managing director employment contracts including their remuneration packages. Among other things, the Supervisory Board also established the collective suitability of the Executive Board in its future composition.

At the meeting on **18 July 2024**, the Supervisory Board was again briefed on the implementation of the business strategy and significant initiatives, especially on various projects in the context of implementing the "UniCredit Unlocked" strategic plan and due to new regulations, including the DORA Regulation. The Supervisory Board discussed the figures published in the Half-Yearly Financial Report of HVB Group as at 30 June 2024 with the Executive Board. Furthermore, the Supervisory Board deliberated on monitoring the appropriateness of the remuneration in 2023 for heads of the Risk Controlling function, the Compliance function and risk takers, the procedure for identifying risk takers in 2024 in HVB Group, the appropriateness of the structure of the 2024 Group Remuneration Policy for HVB Group employees and its implementation for members of HVB's Executive Board as well as the appropriateness of the structure of the 2024 remuneration systems.

At the meeting on **21 October 2024**, the Executive Board provided an update on HVB Group's business performance. The Supervisory Board also considered the draft SREP letter for 2024. The Supervisory Board then discussed HVB Group's figures as at 30 September 2024 with the Executive Board and granted the audit engagement for the 2024 Sustainability Report to the independent auditor. Other topics of discussion by the Supervisory Board were reviewing the efficiency of the framework for HVB's internal governance, reviewing the Executive Board's principles for selecting and appointing individuals to senior management level, HVB's conflict of interest policy and monitoring potential conflicts of interest of the Executive Board and the Supervisory Board. In addition, the Supervisory Board discussed the results of the annual evaluation of the Executive Board and Supervisory Board and addressed the issue of succession planning for the Executive Board, including setting a target for the proportion of women on the Executive Board and succession planning for the Supervisory Board and

# Report of the Supervisory Board (Continued)

then adopted corresponding resolutions. Moreover, the Supervisory Board resolved to propose to the Extraordinary Shareholders' Meeting that Ms Sabine Heimbach be elected to the Supervisory Board as shareholder representative and successor to Dr Claudia Mayfeld with effect from 1 November 2024. In addition, the Supervisory Board elected Ms Sabine Heimbach as a member of the Risk Committee and the Remuneration Control Committee subject to the condition precedent of her election as a member of the Supervisory Board. In this context, the Supervisory Board established the individual suitability of Ms Sabine Heimbach as a member of the Supervisory Board, the Risk Committee and the Remuneration Control Committee, of Dr Michael Diederich as chairman of the Risk Committee and of Ms Fiona Melrose as chairwoman of the Nomination Committee as well as the collective suitability of the Supervisory Board in its future composition.

At the extraordinary meeting on **6 December 2024**, the Supervisory Board was informed of a search carried out at HVB on 5 December 2024 relating to a case from the past involving a single customer and more than one European bank. HVB had previously reported the case to the authorities and is fully cooperating with complete transparency with the respective authorities. The person concerned is no longer a customer of the Bank.

At a further extraordinary meeting held on **9 December 2024**, the Supervisory Board and the Executive Board considered key aspects of HVB Group's business strategy, including information on the 2025 budget and the projection for 2026-2027 as well as the risk appetite framework (RAF) for 2025 and the projection for 2026-2027.

## Supervisory Board committees

To efficiently perform its tasks, the Supervisory Board set up a Nomination Committee, a Remuneration Control Committee, a Risk Committee and an Audit Committee from among its members. The composition of the committees is shown in the "Supervisory Board" list in this Annual Report. The responsibilities of each of the committees are defined in the By-laws of the Supervisory Board.

Cooperation between and the sharing of content among the individual committees are ensured by at least one member of each committee sitting on another committee. Furthermore, the chairs of the committees coordinated inter-committee topics with the member of the Executive Board responsible in each case and among one another. They also exercised their rights to information. As far as necessary, the committees adopted resolutions or gave recommendations to the Supervisory Board for adopting resolutions, also outside of meetings. The chairs of all the committees reported in detail at the next respective plenary session of the Supervisory Board on the topics of the committees' discussions, the outcome of these and resolutions passed by the committees.

### Nomination Committee

The Nomination Committee met four times in the past year and in particular performed its duties as defined in Section 25d (11) of the German Banking Act (Kreditwesengesetz – KWG). Specifically, it prepared the appointment of four new members of the Executive Board and two members of the Supervisory Board (including fit and proper assessments) as well as the reappointment of two members of the Executive Board. In addition, the Nomination Committee continued to support the Supervisory Board in its review of the Executive Board's principles for selecting and appointing individuals to senior management level including key function holders. Furthermore, the Nomination Committee prepared succession planning for the Executive Board and the Supervisory Board (which included job descriptions with applicant profiles) as well as resolutions on monitoring and managing potential conflicts of interest of the Executive Board and the Supervisory Board. With the support of an external, independent consultant (auditing company), the Nomination Committee also prepared the annual evaluation of the Executive Board and the Supervisory Board.

# Report of the Supervisory Board (Continued)

**Remuneration Control Committee**

In the past year, the Remuneration Control Committee met five times and also met once in a joint meeting with the Risk Committee. In particular, this committee performed the tasks defined in Section 25d (12) KWG and in the InstitutsVergV. It discussed the Remuneration Control Report 2023 of the Remuneration Officer and on the basis of this report in a joint meeting with the Risk Committee, it reviewed relevant interfaces between the remuneration system and the risk management system in order to analyse the effects of the remuneration systems on the risk, capital and liquidity situation of the Bank and HVB Group. It also focused on ensuring that the remuneration systems comply with requirements, in particular those set out in Section 4 InstitutsVergV. In addition, the Remuneration Officer presented her 2024 annual plan to the Remuneration Control Committee and advised it on all monitoring and structuring tasks relating to employee remuneration systems. The committee discussed the appropriateness of the total amount proposed as variable remuneration in 2024 for Executive Board members and HVB Group employees. It analysed the performance of Executive Board members, the determination of the variable remuneration for the 2023 financial year respectively and the targets set for the individual members of the Executive Board for the 2024 financial year. It then gave corresponding recommendations to the Supervisory Board. The committee prepared the draft resolution of the Supervisory Board on the appropriateness of the remuneration in 2023 for the risk takers of the Risk Controlling function, the Compliance function and other risk takers as well as the process for identifying risk takers. It also discussed the appropriateness of the structure of the 2024 Group Remuneration Policy for employees and the 2024 Group Incentive System and recommended to the Supervisory Board that this system also be implemented for members of the Executive Board. The committee prepared the draft resolution of the Supervisory Board on the appropriateness of the 2024 remuneration systems of HVB Group and on the structure of the 2024 remuneration packages of members of the Executive Board and made corresponding recommendations to the Supervisory Board. Furthermore, the committee discussed employment contracts in connection with appointments, considered the contractual arrangements along with the remuneration of the Executive Board members in detail and provided corresponding recommendations to the Supervisory Board. Independent external legal advisers were consulted in individual cases.

**Risk Committee**

The Risk Committee met five times in the past year, held one joint meeting with the Remuneration Control Committee and two joint meetings with the Audit Committee. The independent auditor, the head of the Internal Audit and the Chief Compliance Officer attended all the committee meetings to provide information. In particular, the Risk Committee dealt with the current and future overall risk appetite and risk strategy of HVB Group on a regular basis. In compliance with the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement - MaRisk) for banks, the Risk Committee received monthly risk reports. The Chief Risk Officer used the integrated risk reports in the meetings to explain the development of the ICAAP for HVB Group, credit risk, financial and non-financial risk and strategic risk as well as the integration of ESG factors. The Risk Committee also addressed macroeconomic and geopolitical developments and their impact on the Bank at regular intervals at its meetings. Moreover, the Risk Committee was briefed on the Bank’s major strategic projects. Other focal points of discussion were stress test scenarios and the results of HVB Group’s stress tests. A subject of intensive deliberation was the review of the efficiency of the risk management system and the quarterly reports of the Internal Audit and the Compliance function. The committee monitored the compliance of financial products and services with the Bank’s business model and risk structure. It received regular reports on the credit organisation and development of resources in risk management. Reference is made to the above comments on the Remuneration Control Committee for the topics discussed at the joint meeting with the Remuneration Control Committee. Furthermore, the Risk Committee was informed at joint meetings with the Audit Committee of the requirements of sustainability reporting in connection with the introduction of Directive (EU) 2022/2464 (CSRD), the Bank’s legal risks, IT security management and IT organisation as well as the latest respective quarterly reports of the Internal Audit and the Compliance function, among other things. The committee solicited regular reports on the status and progress of the work carried out to address the relevant internal and external audit findings of the Internal Audit, the Compliance function, the independent auditor and the supervisory authorities.

# Report of the Supervisory Board (Continued)

**Audit Committee**
The Audit Committee convened for four meetings in the reporting year and twice for a joint meeting with the Risk Committee. Representatives of the independent auditor and particularly also persons from whom the Audit Committee has a right to obtain information directly (such as the head of the Internal Audit and the Chief Compliance Officer, among others) attended all of the committee meetings to provide expert advice and information. The key responsibilities of the Audit Committee are to monitor the financial reporting process, the effectiveness of the risk management system (RMS), particularly the internal control system (ICS) including the Compliance function and the internal audit system, and the audit of the financial statements. In the reporting year, the meetings thus looked at the preliminary audit of the 2023 annual and consolidated financial statements and the report on relations with affiliated companies, prepared draft resolutions for the Supervisory Board and discussed the 2024 Half-yearly Financial Report and the figures as at 31 March and 30 September 2024. The Audit Committee solicited reports from the independent auditor of the main outcome of its reviews. Moreover, the Audit Committee gave extensive consideration to the efficiency of the risk management system, particularly the internal control system, the compliance management system and the internal audit system. The efficiency of each system was discussed with the Executive Board, the Internal Audit, the Compliance function and the independent auditor. In this context the Chairwoman of the Risk Committee also reported to the Audit Committee on the Risk Committee's assessment of the audit of risk management efficiency. The Audit Committee discussed the quarterly reports of the Internal Audit and the Compliance function on a regular basis at its meetings. The committee was provided with the annual plan of the Internal Audit and the Compliance function. It solicited regular reports on the status and the progress made in the remediation of the relevant internal and external findings of the Internal Audit, the Compliance function, the independent auditor and the supervisory authorities along with key results of audits by the supervisory authorities. It also considered the independent auditor's report on the annual audit of the securities account business according to Section 89 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), the Bank's outsourcing arrangements, the report of the Data Protection Officer and the annual report of the Legal department on the Bank's legal risks (including status updates on selected legal risks) as well as sustainability reporting requirements in connection with the introduction of Directive (EU) 2022/2464 (CSRD). It requested reports on the liquidity situation each quarter. In addition, the committee prepared the election of the independent auditor in 2024 by the Shareholders' Meeting and the granting of the audit engagement for the audit of the financial statements and for the 2024 Sustainability Report by the Supervisory Board. In addition, the committee monitored the audit-related non-audit services approved according to the service catalogue and the approved additional non-audit services.
Reference is made to the above comments on the topics discussed at the joint meeting with the Risk Committee. The committee solicited regular reports on the status and progress of the work carried out to address the relevant internal and external audit findings of the Internal Audit, the Compliance function, the independent auditor and the supervisory authorities.

**Training and education**
The members of the Supervisory Board took part in the training and educational programmes required for their tasks on their own initiative. In the process, they were appropriately supported by HVB. In particular, training events were held on the topics of "Cyber Security", "Data & Intelligence", "ESG" and "Financial Sanctions and Anti-money Laundering".

**Annual financial statements 2024 and Sustainability Report 2024**
KPMG audited the annual financial statements prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB), the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the combined management report für UniCredit Bank GmbH and HVB Group for the 2024 financial year. The independent auditor issued an unqualified opinion in each case.

The financial statements listed above were provided to the Supervisory Board along with the proposal of the Executive Board for the appropriation of the distributable profit and the independent auditor's audit reports.

# Report of the Supervisory Board (Continued)

The Audit Committee examined these documents in great detail during the preliminary audit. The lead auditor of the independent auditor reported on the key findings of the audit at the preparatory meeting of the Audit Committee and at the subsequent meeting of the Supervisory Board devoted to the annual financial statements. The topics addressed were particularly the internal control system and the risk management system relating to the financial reporting process (ICS) compliant with Section 171 (1) German Stock Corporation Act (Aktiengesetz – AktG). Questions of members of the Supervisory Board were answered in detail and in full. During the meeting of the Audit Committee, the independent auditor also reported on the work performed by the independent auditor in addition to the audit of the financial statements and stated that there were no circumstances speaking against their independence. The Chairman of the Audit Committee reported to the full Supervisory Board on the results of the audit. Upon recommendation by the Audit Committee, the Supervisory Board approved the results of the audit by the independent auditor after checking and discussing in depth all the documents submitted and finding them to be orderly, validated and complete. On the basis of its own examination of the annual financial statements, the consolidated financial statements and the combined management report for UniCredit Bank GmbH and HVB Group as well as the proposal for the appropriation of the distributable profit, the Supervisory Board determined that no objections were to be raised. The Supervisory Board has therefore approved the annual financial statements and the consolidated financial statements prepared by the Executive Board. Consequently, the annual financial statements were adopted. The Supervisory Board also concurred with the proposal of the Executive Board for the appropriation of the distributable profit.

As the German CSRD Implementing Act (CSRD-Umsetzungsgesetz) was not adopted in 2024, UniCredit Bank GmbH is not legally obliged to publish the CSRD Report (Sustainability Report) as part of its 2024 Annual Report. However, the Executive Board of UniCredit Bank GmbH has decided in favour of a voluntary disclosure of a local CSRD Report outside the Annual Report, which is to be published no later than four months after the balance sheet date.

**Personnel**
With effect from 1 March 2024, the following new members of the Executive Board took office: Ms Georgiana Lazar-O'Callaghan with responsibility for the newly set up People & Culture area and Mr René Babinsky with responsibility for the Private Clients area, with effect from 1 April 2024 Mr Marco Iannaccone with responsibility for the Client Solutions area and Mr Pierpaolo Montana with responsibility for the Risk Management area as Chief Risk Officer.
With effect from 1 July 2024, the Corporates area was divided into Large Corporates and Small and Medium Corporates. These were taken over by Ms Marion Bayer-Schiller and Mr Martin Brinckmann respectively as new members of the Executive Board.

Ms Monika Rast resigned from the Executive Board with effect from the end of 29 February 2024, Dr Jürgen Kullnigg with effect from the end of 31 March 2024 and Mr Jan Kupfer with effect from the end of 30 June 2024.

Mr Thomas Schöner resigned from the Supervisory Board as employee representative with effect from the end of 30 April 2024. He was succeeded with effect from 17 June 2024 by Sonia Nassar by court appointment. With effect from the end of 31 October 2024, Dr Claudia Mayfeld resigned from the Supervisory Board as shareholder representative. She was succeeded by Ms Sabine Heimbach with effect from 1 November 2024.

The Supervisory Board thanks Dr Mayfeld and Mr Schöner for their many years of dedicated and valuable service and also for their commitment and their constructive support of the Bank.

# Report of the Supervisory Board (Continued)

The Supervisory Board thanks the Executive Board, the employees and the employee representatives for all their hard work and their services in the 2024 financial year.

Munich, 13 March 2025
The Supervisory Board

Andrea Orcel
Chairman

# Summary of Annual Financial Data

| OPERATING PERFORMANCE (€ millions) | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| Net interest | 2,608 | 2,739 | 2,626 | 2,516 | 2,413 |
| Dividends and other income from equity investments | 33 | 30 | 31 | 28 | 37 |
| Net fees and commissions | 1,206 | 1,165 | 1,120 | 1,115 | 1,007 |
| Net trading income | 1,405 | 1,564 | 932 | 655 | 662 |
| Net gains/(losses) on financial assets and liabilities at fair value | 107 | (117) | 149 | 85 | (78) |
| Net gains/(losses) on derecognition of financial instruments measured at amortised cost | 8 | (17) | 29 | (9) | (3) |
| Net other expenses/income | 101 | (255) | (138) | (61) | 603 |
| **OPERATING INCOME** | **5,468** | **5,109** | **4,749** | **4,329** | **4,641** |
| Payroll costs | (1,225) | (1,334) | (1,415) | (1,485) | (1,451) |
| Other administrative expenses | (1,006) | (1,045) | (1,087) | (1,202) | (1,231) |
| Amortisation, depreciation and impairment losses on intangible and tangible assets | (87) | (150) | (109) | (119) | (126) |
| **Operating costs** | **(2,318)** | **(2,529)** | **(2,611)** | **(2,806)** | **(2,808)** |
| **OPERATING PROFIT** | **3,150** | **2,580** | **2,138** | **1,523** | **1,833** |
| Net write-downs of loans and provisions for guarantees and commitments | (270) | (167) | (299) | (114) | (733) |
| **NET OPERATING PROFIT** | **2,880** | **2,413** | **1,839** | **1,409** | **1,100** |
| Provisions for risks and charges | 27 | 32 | 11 | (153) | 11 |
| Restructuring costs | (114) | (309) | (80) | (617) | (35) |
| Net gains/losses on disposals on investments | (3) | 3 | (2) | (13) | (4) |
| **PROFIT BEFORE TAX AND IMPAIRMENT ON GOODWILL** | **2,790** | **2,139** | **1,768** | **626** | **1,072** |
| Impairment on goodwill | — | — | — | — | — |
| **PROFIT BEFORE TAX** | **2,790** | **2,139** | **1,768** | **626** | **1,072** |
| Income tax for the period | (870) | (404) | (467) | (300) | (404) |
| **PROFIT AFTER TAX** | **1,920** | **1,735** | **1,301** | **326** | **668** |
| attributable to the shareholder of UniCredit Bank AG | 1,920 | 1,736 | 1,301 | 325 | 668 |
| attributable to minorities | — | (1) | — | 1 | — |
| | | | | | |
| Cost-income ratio in % (ratio of operating costs to operating income, since 2022 based on segmented P&L) | 40.6 | 44.3 | 49.9 | 64.8 | 60.5 |
| Earnings per share of full HVB Group (in €) | 2.39 | 2.16 | 1.62 | 0.41 | 0.83 |
| | | | | | |
| | | | | | |
| **Balance sheet figures (€ billions)** | **2024** | **2023** | **2022** | **2021** | **2020** |
| Total assets | 290.2 | 283.3 | 318.0 | 312.3 | 338.1 |
| Shareholders' equity | 19.9 | 19.9 | 19.7 | 17.8 | 17.9 |
| | | | | | |
| **Key capital ratios compliant with CRR II (in accordance with approved financial statements)** | **2024** | **2023** | **2022** | **2021** | **2020** |
| Common Equity Tier 1 capital (€ billions) | 15.7 | 15.9 | 16.1 | 15.2 | 15.1 |
| Core capital (Tier 1 capital) (€ billions) | 17.4 | 17.6 | 17.8 | 16.9 | 16.8 |
| Risk-weighted assets (€ billions) (including equivalents for market risk and operational risk) | 66.2 | 69.8 | 82.1 | 86.9 | 80.6 |
| Common Equity Tier 1 capital ratio (%) | 23.8 | 22.7 | 19.6 | 17.4 | 18.8 |
| Core capital ratio (Tier 1 ratio) (%) | 26.3 | 25.2 | 21.6 | 19.4 | 20.9 |
| | | | | | |
| **Employees / Branch offices** | **2024** | **2023** | **2022** | **2021** | **2020** |
| Employees (in full-time equivalents) | 9,052 | 9,620 | 10,866 | 11,406 | 12,074 |
| Branch offices | 349 | 371 | 430 | 461 | 480 |

Explanations of the individual items/key figures can be found in the respective annual report.

# Contact

### Contacts
Should you have any questions about the annual report or our half-yearly financial report, please contact Media Relations by
calling +49 (0)89 378-25801,
You can call up important company announcements as soon as they have been published by visiting our website at www.hvb.de

### Internet
You can call up interactive versions of our annual and half-yearly financial reports on our website: www.hvb.de

### Publications
Annual Report (English/German)
Half-yearly Financial Report (English/German)
You can obtain PDF files of all reports on our website: www.hvb.de

# Excellence at UniCredit

**UniCredit is a pan-European Bank** with a unique service offering in **Italy, Germany, Austria, and Central and Eastern Europe**. Our Purpose is to Empower Communities to Progress, delivering the best-in-class solutions and services for all stakeholders, unlocking the potential for our clients and our people across Europe.

For additional information **visit our Reporting microsite**

## Corporate information

Board of Directors, Audit Committee and External Auditors as at 31 December 2024

### Board of Directors

**Chairman** Pietro Carlo Padoan
**Deputy Vice Chair** Elena Carletti
**CEO** Andrea Orcel
**Directors** Paola Bergamaschi, Paola Camagni, Vincenzo Cariello, Antonio Domingues, Julie B. Galbo, Jeffrey Alan Hedberg, Beatriz Lara Bartolomé, Maria Pierdicchi, Marco Rigotti, Francesca Tondi, Gabriele Villa

### Secretary of the Board of Directors

Paola Di Leonardo (*)

### Audit Committee

**Chairman** Marco Rigotti
**Members** Paola Camagni, Julie B. Galbo, Gabriele Villa

### Manager charged with preparing the financial reports

Bonifacio Di Francescantonio

### Sustainability Reporting Manager

Giuseppe Zammarchi (**)

### External Auditors

KPMG S.p.A.

## Contents



The following conventional symbols have been used in the tables:

- a dash (-) indicates that the item/figure is non-existent;
- "n.m." when the figures do not reach the minimum considered significant or are not meaningful.

Any discrepancy between data disclosed in this report are solely due to the effect of rounding.

This document, PDF format, does not fulfil the obligations deriving from Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 (the "ESEF Regulation" – European Single Electronic Format) for which a dedicated XHTML format has been prepared.

Notes
(*) The Board of Directors of 28 January 2025 appointed Ms. Paola Di Leonardo as Secretary of the Board replacing Mr. Alessandro Paladini.
(**) The Board of Directors of 10 February 2025 appointed Mr. Giuseppe Zammarchi as Sustainability Reporting Manager.

**UniCredit has chosen not to print official copies of this report, leading by example in our efforts to protect the environment.**

Please view the digital versions of the report below, available at the following links:

Read more: unicreditgroup.eu/en/investors/financial-reporting.html

Read more: financialreports.unicredit.eu


Design, graphic development and production:
**Brunswick Creative and UniCredit S.p.A.**
February 2025

# UniCredit: a pan-European network empowering thirteen banks, leveraging Group synergies

## Confirming our value proposition

UniCredit is well-rooted in local communities and has a leadership position in the Countries and Regions where we have a presence, especially in terms of profitability and efficiency. Local banks manage their day-to-day operations, cascade and execute the Group Strategy. The Group sets the overarching direction and harmonises scalable activities, bringing everything under a common denominator.

## Offering our clients a gateway to Europe

Our core operations are located in Italy, Germany, Austria and Central and Eastern European Countries, all served by three high-quality product factories: Corporate, Individual and Group Payment Solutions. Our approach allows us to be as close as possible to our clients while also using the scale of the entire Group for developing and delivering the best products across our markets.

## Placing clients at the centre

We provide top-tier products and solutions, strategic advice and innovation to over one million SMEs and corporates, as well as 14 million affluent, private and other retail clients.

Our best in class in-house solutions, complemented with the top industry expertise of our partners, and powered by reliable digital and data capabilities, create significant value for our clients, firmly positioned at the centre of all we do.

13
**Leading banks**

>75,000
**Talented colleagues[2]**

4
**Coverage Regions**

3
**Product factories**

15m
**Clients worldwide**

1,000+
**Employee Networks active members[3]**


**Italy - Quality earnings powerhouse**
Consistently delivering high profitability and growth

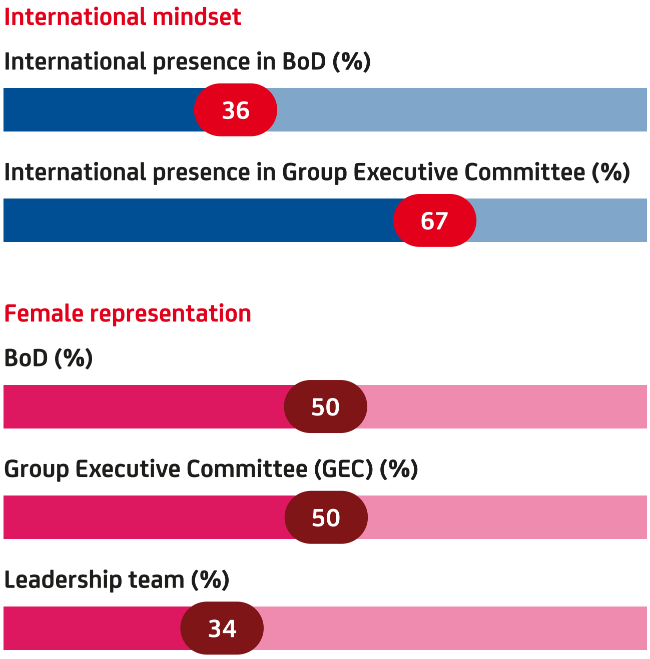
**Germany – Resilient anchor**
High-quality growth and best year ever as a result of successful transformation

Ranking based on Net Profit FY2024 for Italy and Germany and 9M24 for CE&EE, as per FY2024 results market presentation methodology. Austria based on total assets at bank level as per last available disclosure.

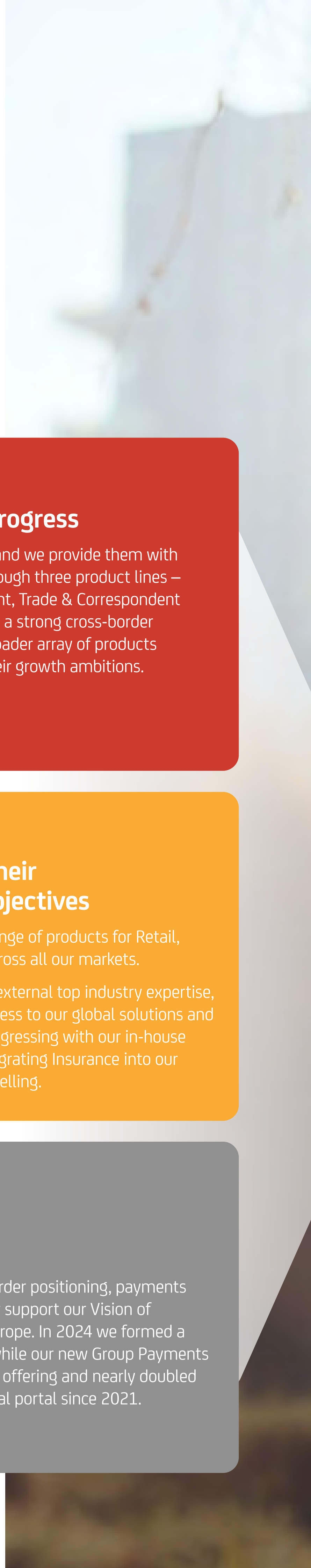
1. Central Eastern Europe (CEE) includes the Czech Republic, Hungary, Slovakia, Slovenia, Bosnia and Herzegovina, Bulgaria, Croatia, Romania and Serbia.
2. Headcount as at 31 December 2024.
3. Diversity traits represented: LGBTQIA+, Gender, STEM, Disability, Cultural Diversity, Generations, Caregiving


## Nurturing our diverse talent base

UniCredit recognises that it is essential that we unlock the potential of our over 75,000 people, businesses, and communities across Europe. We have long recognised that an equitable, inclusive and diverse workforce is vital to our business and creates a more fair, inclusive and positive working environment. We believe that when Diversity, Equity and Inclusion (DE&I) work in harmony, great things happen.



Our business model is centred on delivering sustainable growth, built on strong foundations across **13 leading and empowered banks** with local coverage close to the clients, leveraging a common denominator: the **strength of three product factories** with an ecosystem of strategic partners, a centralised and efficient **Group Procurement**, all continuously streamlined and simplified through our **Digital & Operations**.



## **Enhancing our product offering:** three global product factories

While clients access our services through local banks, our comprehensive offering to meet their needs is created by our three global product factories – **Corporate, Individual and Payment Solutions**. Each of these factories delivers best-in-class solutions, developed internally or through our dynamic ecosystem of trusted partners.

## Corporate Solutions

### Empowering corporates to progress

We have an extensive corporate client base and we provide them with seamless access to value-added services through three product lines – Advisory & Financing, Client Risk Management, Trade & Correspondent Banking. Combining deep local expertise and a strong cross-border presence, we support our clients with the broader array of products and services that they require, facilitating their growth ambitions.

## Individual Solutions

### Advising clients to achieve their investment and insurance objectives

Clients benefit from a large and attractive range of products for Retail, Wealth Management and Private Banking across all our markets.

By combining our in-house capabilities with external top industry expertise, we provide them with greater choice and access to our global solutions and platforms. We have launched and we are progressing with our in-house brand (**onemarkets**) and are seamlessly integrating Insurance into our offering, with a unique client base for cross-selling.

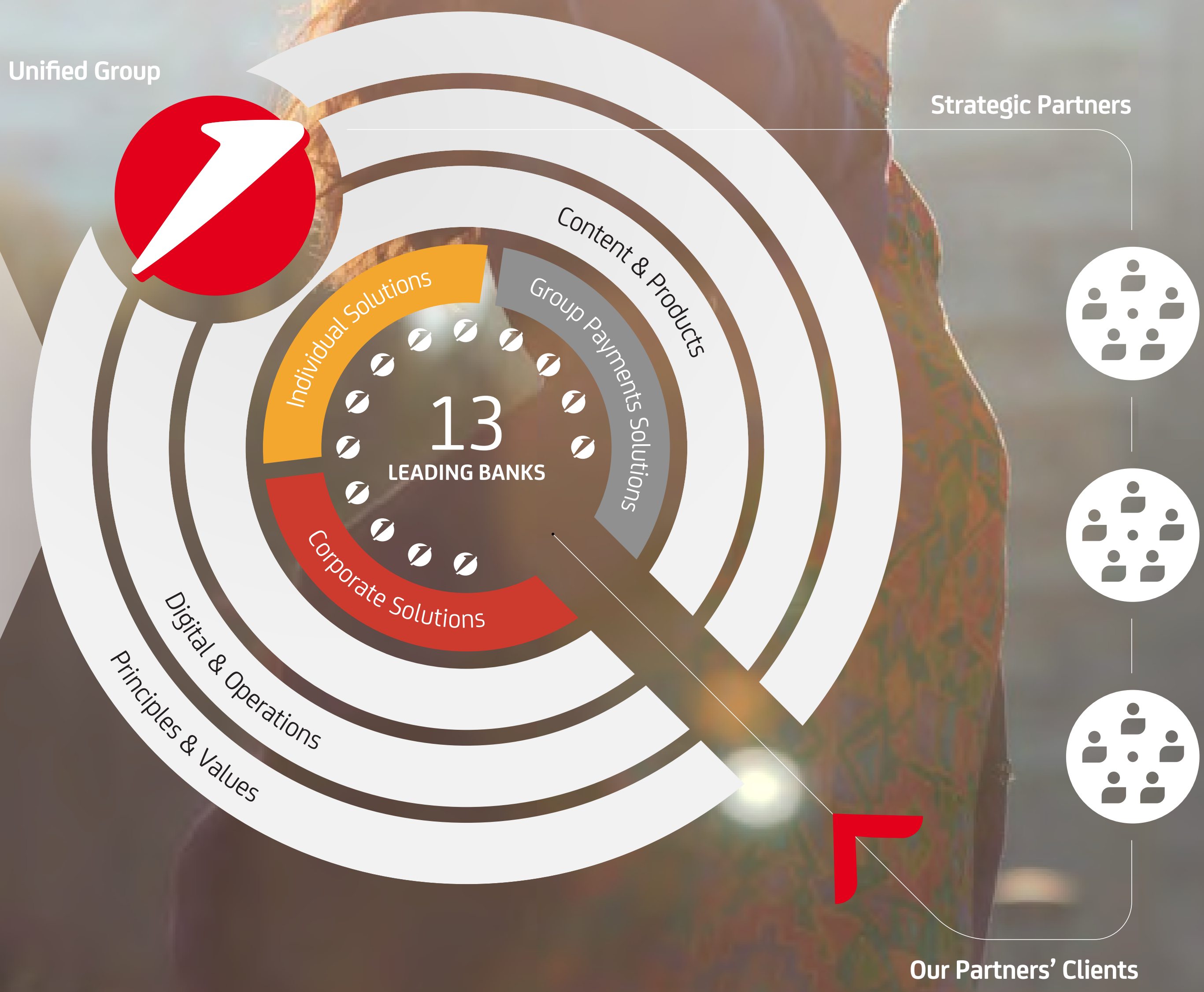
## Payments Solutions

### Every European client's first choice for payments

Our unique pan-European footprint, cross-border positioning, payments expertise and advanced data and technology support our Vision of becoming the first choice for payments in Europe. In 2024 we formed a multi-market partnership with Mastercard, while our new Group Payments Solutions factory expanded our international offering and nearly doubled the number of corporates accessing our digital portal since 2021.

# How we create value

Read more on page 326



## The strongest performance in our bank's history

2024 record results crowning 16 consecutive quarters of quality profitable growth. All our geographies and product factories demonstrated superior execution and beat all the targets set in 2021. This performance balances excelling in the short-term and preparing for the future and is a testament to the dependability of UniCredit and its people.

## Financial highlights

**TOP-LINE GROWTH**

€24.8bn

**Gross Revenue**
+4.3% FY/FY
+4.0% Net Revenue

**OPERATIONAL EFFICIENCY**

37.9%

**Cost-to-income ratio**
-1.8pp FY/FY
€9.4bn costs, -0.6% FY/FY

**GOP**

€15.4bn

**Gross Operating Profit**
+7.5% FY/FY

**CAPITAL EFFICIENCY**

8.7%

**Net-revenue-to-RWA ratio**
+0.8pp FY/FY

**ASSET QUALITY**

15bps

**CoR**
+2bps FY/FY

**ORGANIC CAPITAL GENERATION**[1]

444bps

€12.6bn

**BEST-IN-CLASS PROFITABILITY, GROSS REVENUE RoTE**

17.7%

RoTE @13%
CET1r 20.9%

**FY24 INCREASED DISTRIBUTIONS**[2]

€9bn

**>€26bn** total distributions FY21-24

**RECORD BOTTOM LINE**

€9.7bn

**Stated Net Profit**
+2.2% FY/FY
€9.3bn Net Profit
€10.3bn underlying[3]

1. Before considering the impact of strategic investments.
2. Of the cash dividend (€3.73bn), €1.44bn already paid as interim. Of the SBB (€5.27bn), €1.7bn already completed, the balance to be completed pending supervisory and shareholder approvals at AGM and expected to be commenced post completion of BPM offer.
3. Net Profit net of integration costs and RusChemAlliance (RCA) full coverage.

# Sustainability highlights

Thanks to our strong ESG foundations, in 2024 we continued to make progress on our ESG KPIs.

## Environment

Sustainable financial instruments and Net Zero commitments.

Read more on **page 395**

We advanced our sustainable financial instruments, reaching a total of €26.9 billion in cumulative green lending since January 2022.

11
**Green Bonds issued**

€6.5bn
**Total amount of financing from Green Bonds**

## Social

Social financing for initiatives in our communities.

Read more on **page 396**

Since 2022, we have provided €13.2 billion in social financing via micro-credit, impact financing and lending to disadvantaged areas.

€78.1m
**FY24 contribution to communities**

c.15,000
**Hours dedicated to volunteering by our colleagues**

## Governance

ESG-aligned remuneration and solid DE&I framework.

Read more on **page 397**

CEO and top management remuneration saw a 20% weighting of long-term performance related to ESG business, DE&I priorities, and climate risk. Furthermore a relevant link to Group's Values and Culture - "**Winning. The Right Way. Together**" goal – is also part of the short-term scorecard.

+1,500
**Colleagues across the Group part of Culture Network**

365
**Initiatives mapped in the context of our well-being framework**

# **Delivering our Vision** of excellence

**Dear shareholders,**

It is a pleasure to write to you as the Chairman of the UniCredit Board.

In 2025, we look ahead to a horizon that promises a great deal of change. At the same time, we are still under the long shadow of the many changes in the macroeconomic environment that have rocked the world since we first put out our strategic plan, UniCredit Unlocked, into action.

Global growth has been stifled by multiple wars compounding an already fraught macroeconomic environment post-pandemic. Globalisation is fracturing increasingly under this pressure.

While there is optimism among the investor community about America’s economy, recent political developments and their implications for how we address macro issues like climate change contribute to the pervasive feeling of uncertainty.

In short, the clouds over Europe and the world have not cleared, and we are not sure when they will. Dynamism, innovation, and resilience are not only key to businesses enduring in these circumstances, they are also essential for continuing to support the communities that rely on these businesses.

UniCredit continues to prove itself as an exemplary European business; the type our continent needs, according to Mario Draghi and Enrico Letta’s reports on the state of European competitiveness and the Single Market. UniCredit is a dynamic business embracing innovation and keeping clients at the centre of everything we do, unlocking value while ensuring that our communities are supported.

"UniCredit continues to prove itself as an exemplary European business; the type our continent needs."

We have a proven model for resilience and delivery under macroeconomic pressure, as is clear from our results of the last four years. After 16 consecutive quarters of quality growth, we are preparing to move into a new era where we use this momentum to achieve even greater success for the clients and communities we serve.

The businesses we support are key to the prosperity of our communities, because they contribute to the competitiveness of those communities and our bloc as a whole.

By deepening the markets we serve in Europe, while also leveraging on the creation of continental banks, we – as a banking group – can play an all-important role as the driving force of our continent's competitiveness, serving companies to the best of our ability and efficiently serving retails, so they can channel their savings into the economy.

We have the leverage in our pan-European banking network, the Strategy, the energy, and the ambition, to help our continent steer a course out of these years of stagnation and stalling and into a new era of prosperity. We can help our bloc become a true rival to the likes of the US.

Our strong position is supported by our adoption of a new governance system. Operating under the mandate of a new Board of Directors, we will continuously improve our processes in the same spirit of always striving to do better and deliver our best that has defined UniCredit's industrial Strategy since the launch of our transformation.

Under the leadership of our CEO, Andrea Orcel, who is working with the Board and our strong management team to deliver this transformation successfully, we will unlock new growth organically and, where they arise, seize opportunities for inorganic growth that will support our trajectory.

We will build the strength of our international profile, having already built ourselves a strong foundation with two core markets in Italy and Germany, demonstrating the value of our status as a pan-European bank.

Though the economic picture is not what we would want it to be for Europe, we have built our resilience as an institution to be able to navigate what comes and, most importantly, remain firmly by our clients to help them achieve success. In this sense, the prospects for us are positive.

We are ready to take the necessary steps to strengthen our position – through technological innovation, for example – and deliver sustainable results, so the clients and communities we serve can navigate a course through these difficult times. Our service to them remains at the centre of everything we do.

Our greatest asset in achieving this will be our people's continuous commitment to our strategic Vision, our Purpose, and our Culture. It is their dedication that has brought us this far, and this is reflected in our most recent results. I wish to congratulate and thank all of them for their hard work. Their continued dedication will empower us to push the bar even further.

There are great things for us on the horizon, if we seize this opportunity now.

Thank you,

**Pietro Carlo Padoan**
Chairman UniCredit S.p.A.

# Leading the way in European banking

> When we launched UniCredit Unlocked we were stepping into a new era for the bank. I believe that we are doing it again and in doing so we will improve even further.”

## Dear Stakeholders,

Since launching UniCredit Unlocked in 2021, our winning Strategy set to achieve our Vision – to be the Bank for Europe’s Future – has also propelled us to become one of Europe’s best performing banks and one that sets ambitions and path for others to follow.

UniCredit’s 2021-2024 transformation has been nothing short of exceptional, achieved while also consistently delivering outstanding financial results quarter after quarter, setting a new benchmark for banking.

We unified, refocused, and galvanized all our people around one single Vision, Strategy, and Culture. We restored trust and empowerment in our 13 banks and our people: all coming together as ONE Group.

We simplified and streamlined our organization, processes, and ways of working, transforming our efficiency while also investing in our people, digital and data, product factories and distribution channels to offer more to our clients.

We have lived by our Values and focused on our fundamental Purpose: to Empower Communities to Progress.

We continued to honor our ESG commitments with notable social investments, such as our €2.6bn “UniCredit for CEE” initiative and our new Edu-Fund platform, supporting programmes addressing educational deprivation in our communities.

Together this has firmly set out our proven blueprint for banking not only in terms of financial achievements but also in terms of how we should support the communities in which we operate and always attempt doing what is right driving necessary change. This is, we hope, the ambition and path we have set for our sector.

### Record-breaking results

Our 2024 results were the very best in UniCredit’s long history. The most recent quarter marks our 16th consecutive quarter of profitable growth.

€24.2bn

**Net revenue**
+4% FY/FY

>€11bn

**Revenues generated in our product factories**

c.17.7%

**RoTE**
Target: 10%

**513%**
**Total Shareholder Return**
Beginning 2021-2024
3x greater than
our European peers

**>€26bn**
**Total distributions**
FY21-FY24
Target: €16bn

**€12.6bn**
**Organic capital generation**
In 2024

Our RoTE reached c.18% notwithstanding the substantial excess capital we still carry, and is best-in-class when adjusted for such excess capital. Our stated net profit reached €9.7bn (€10.3bn underlying). Our organic capital generation of 444bps – equal to €12.6 billion - has allowed us to accrue €9.0 billion to be distributed, while maintaining a CET1 ratio of c.15.9% with ca €6.5bn of excess capital vs our CET1 ratio target.

Our net revenue reached €24.2 billion up 4% year on year further reinforcing the quality of our top line as NII profitability remained best in class and our fees, driven by our rebuilt market leading product factories, reached a top tier 343% of total revenues.

Our operational and capital efficiency also improved further respectively with a CIR <38% and a Net Rev/RWA ratio of 8.7%.

We continued to build our lines of defense to protect and propel our future taking extraordinary charges of €1.3bn.

Over the last 4 years, we delivered Total Shareholder Return of 513%, outperforming our European peers by four times, with total cumulative distributions of €26bn, more than 1.5 times our market cap at the beginning of the period. Our EPS and DPS growth (CAGR) respectively of 48% and 64% speaks for itself. We are the most shareholder-friendly bank in Europe.

## Into a new era

The last four years have laid a firm foundation for our next phase of quality growth. We have prepared ourselves to take the essential next step. We will redouble our commitment to unlock more value from our bank and go beyond the benchmarks we have set. In summary we are now moving to the second phase of UniCredit Unlocked: **Acceleration**.

It will be our attractive geographical presence, client, and business mix, that protected by our unmatched lines of defense and leveraged upon by our team, will allow us to further positively differentiate ourselves from our peers and set a seven-year track record of superior performance through the cycle.

We are both excited about the opportunity we have in front of us and confident we will achieve it.

Our approach is showing the need to reform our single market so it functions as it should, empowering our European communities instead of stifling them.

We are showing the leadership Europe needs on this issue, to support our bloc's structural growth and bring an end to years of economic stagnation.

The power behind our model for banking are the people of UniCredit, united as ONE by a vision, a strategy and a culture we all believe in. who have made it a success. I am both grateful for their efforts and honored to lead them.

When we launched UniCredit Unlocked we were stepping into a new era for the bank. I believe that we are doing it again and in doing so we will improve even further. I believe that, together, we can Unlock our Acceleration!

Yours,

**Andrea Orcel**
Chief Executive Officer UniCredit S.p.A.

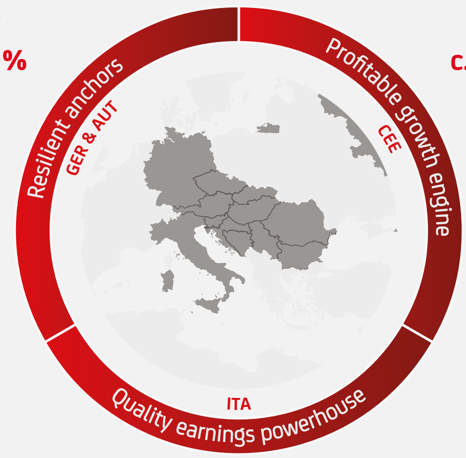
# A unique investment proposition
Delivering unrivalled shareholder value, while laying future foundations

## Structural advantages

### Attractive geographic mix
2024-2027 KPIs
● Share of 2024 Net Profit[1] ● Share of 2027 Net Profit[1]

33%
c.35%

22%
c.25%




45%
c.40%

### Quality client mix

15m
**Clients across Europe**
(+3.5m Alpha Bank)

60%
**SMEs, Private and Affluent, % of Revenue[2]**

### Superior business mix

#1
**NII RoAC[3]**

40%
**Fee-to-revenue ratio towards 40%[4]**

## Proven execution

### Leading financial results

12/12
**Financial targets exceeded[5]**

Leader
**In operating and capital efficiency and profitability[6]**

### Marked transformation

One
**Vision, Strategy and Culture**

Fully redesigned
**and streamlined organisation**

### New sustainable run rate

+5x
**Net Profit since 2021[7]**

3x
**RoTE since 2021[7]**

1. Share of Net Profit computed as sum of Italy, Germany and Austria and CEE (excl. Russia); excl GCC.
2. SMEs including Micro Business.
3. Peer group: BBVA, BNP Paribas, Commerzbank, Credit Agricole S.A., Deutsche Bank, ING, Intesa San Paolo, Santander, Société Générale.
4. Fees including Net insurance results and excluding Vodeno and Aion.
5. UniCredit Unlocked 2024 targets.

**With structural advantages** – such as the unique geographic footprint, high quality client base and a superior business mix – we are uniquely positioned for success. **Our proven execution** delivers leading financial results and a sustainable run rate: we drive clear alpha initiatives, ensuring **outstanding returns and future growth**. A unique investment proposition, still accessible at an attractive valuation.

## Strategically fortified

### Clear alpha initiatives

**+€1.4bn**
Fees 2024-2027[4]

**High**
Efficiency

### Solid lines of defence

**€1.7bn**
Overlay Stock

**€3.6bn**
Integration costs, FY21–FY24

### Long-term approach

**Growth**
From several strategic investments (e.g. **onemarkets**, Vodeno)

**c.€2.5bn**
Incremental IT investments, 2025–2027

## Outstanding returns

### Sustainable organic value generation

**c.€10bn**
Net Profit target in 2027

**Strong**
EPS and DPS growth

| | EPS | DPS |
|---|---|---|
| 21-24 CAGR | +48% | +64% |
| FY24 | 5.7 | 2.40 |
| FY23 | 4.7 | 1.80 |
| FY22 | 2.7 | 0.99 |
| FY21 | 1.8 | 0.54 |

### Top-tier distribution policy

**#1**
Distribution yield[8] as of FY24

**50%**
Dividend payout ratio from FY25

**>FY24**
Expected yearly distributions[9] FY25-27

### Strategic flexibility

**c.€6.5bn**
Excess Capital[10]

**M&A**
Executed only if accretive

6. #1 among peer group FY24 Cost/Income, Net Revenue/RWA and RoTE@13%.
7. FY24 vs FY21; Stated Net Profit.
8. Total distribution as announced FY24 on average market cap 2024 for peer group as per footnote 3.
9. Subject to inorganic opportunities and delivery of financial ambitions
10. vs target CET1r 12.5-13%.

UniCredit Unlocked has proven to be a successful Group Strategy that plays to our strengths. We are evolving that Strategy to Unlock Acceleration in 2025 and beyond.

# Our Vision is To Be the Bank for Europe’s Future

## United around a clear Vision

The Bank
for Europe's future

## Powered by Culture, Principles and Values

Integrity, Ownership, Caring

Read more on **page 330**

## Inspired by a shared Purpose

Empowering
Communities to Progress

Read more on **page 332**

## Proud of the success of our Strategy

Industrial Transformation,
Financial Progress

Read more on **page 334**

## Committed to Sustainability

Leading by example,
supporting client transition,
championing social impact

Read more on **page 378**

# Our Culture, Principles and Values

## Our Group has created a new benchmark for banking, keeping our clients at the centre and unlocking the potential of our people

Our **Culture** is key to our success in unifying and inspiring our people, driving them to work as a team and **achieve excellence in the right way**. Our Culture network is fuelled by passion and enthusiasm, spreading positive cultural change throughout UniCredit.

Collectively, we are building the **Bank for Europe's future**, as one team of people acting as true partners to our clients. A better bank, creating better outcomes: strongly grounded in the right Principles and **Values**; and delivering sustainable, quality growth and value.

**Values**

### Integrity

- We act in the best interest of our customers
- We are honest, straightforward, and transparent
- We do the right thing – even when no one is watching.

### Ownership

- We deliver on our promises and take accountability for our actions and commitments
- We are empowered to make decisions and learn from failure. We speak up – to express an idea, an opinion, or when we see something wrong.

### Caring

- We care about our customers, communities and each other
- We are eager to help one another and for our people to thrive
- We treat each other with respect and value our differences.

Our **Values** are the foundation of our identity – what we pass down to our people and what our people share and enact through their actions. They are at the heart of our decision-making, **ensuring we deliver for our clients honestly, straightforwardly and transparently**. We're committed to helping our customers, communities and each other by treating everyone with respect and valuing our differences.

In 2024, we updated our **Employer Value Proposition** to help our team bring our Values to life and ensure everyone at UniCredit is motivated to actively contribute to Unlocking a Better Tomorrow. Through a single voice, we are building a common narrative across the Group and increasing the awareness and attractiveness of our employer brand.


# New EVP: Unlock a Better Tomorrow

In March 2024, we launched a new Employer Value Proposition (EVP) – Unlock a Better Tomorrow – to fit our Strategy and Purpose.

We want our existing and future employees to unlock their fullest potential at UniCredit – attracting and retaining individuals who embody our Values of Integrity, Ownership and Caring.

Our ambitions and commitments include guaranteeing equal opportunities for all colleagues, supporting our people's personal growth and well-being, nurturing a positive and inclusive working environment, and leveraging our unique international footprint. By encouraging and inspiring everyone at UniCredit, we will drive innovation and create better solutions for all our clients, helping us to achieve business success.

**Our EVP is built on four pillars:**

- **Accelerators of ambition** – we are focused on keeping our clients at the centre and unlocking the potential of our people as individuals and as professionals. We are a better bank, delivering better outcomes for our stakeholders. Collectively, we are building the bank for Europe's future.
- **Champions of diversity** – we are fostering an inclusive environment that has no ceiling, with no limit to how high and far our team can go. As a Group, we provide a diverse and dynamic international experience that only a pan-European bank such as UniCredit has to offer.
- **Challenge seekers and changemakers** – in our team we have talented, dedicated and open-minded individuals who challenge the status quo. They deliver digital innovation that inspires; they push boundaries and strive to set a new benchmark for banking. There is no telling what we might do next.
- **Drivers of sustainable change – Sustainability is in our DNA**. We are rebuilding our communities and economies for the better and keeping ESG at the forefront of everything we do. We care about creating a cleaner, greener future for our people, our communities and Europe's next generation.

To recognise and celebrate the contributions and achievements of our people as champions of our EVP, we've launched the UniCredit Storytellers initiative. This advocacy programme features our colleagues as the voice of our Bank, showcasing their UniCredit journeys and giving a glimpse into life at UniCredit. Browse the stories here to find out more.

For additional information **visit Careers – UniCredit**

# Our Purpose

## Empowering Communities to Progress while ensuring long-term, sustainable growth and delivering value to all our stakeholders

By operating with the right Principles and Purpose, we have the power to do tremendous good – for our clients and communities, our people, our shareholders and investors.

As the foundation of a principle-driven organisation, we actively engage with and extensively listen to all our stakeholders equally.

UniCredit is committed to maintaining high standards of integrity, transparency, professionalism and co-operation in managing our relations with regulators – EU authorities – and in performing advocacy activities.

We actively communicate and engage with national, European and international regulators to improve the EU sustainable finance framework and facilitate the transition to a low-carbon economy.

Offering our contributions to discussions held by EU institutions and actively participating to the development of a sustainable financial framework is central to developing a sustainable economic framework for all our stakeholders.

## Our stakeholders

### Our clients

Our clients are at the heart of everything we do. We build everything around their needs, providing choice and discretion through best-in class products and innovative solutions.

Our teams deliver exceptional service and personalised support, building strong relationships and consistently exceeding expectations. Through our service model, we leverage a range of distribution channels – physical and remote branches, call-centres, internet and mobile – accessible to our clients any time, anywhere.

**>12k**
Front-line hires since 2021, Group-wide

**c.85%**
Branches refurbished in Italy

**26**
Net promoter score, +4 increase vs. 2023

### Our people

Our people are our greatest asset. We actively listen to them and are committed to fostering an environment where they feel valued, trusted, empowered and accountable, so they can focus on value-added, client-facing activities and achieve excellence.

With our common Vision and a clear Culture, our teams are unified and inspired to drive our business forward, aligning individual aspirations with organisational goals. We invest in professional growth through training, and a clear career path that recognises and rewards performance.

With a shared belief in our Mission, we take pride in who we are and in the collective impact we can make.

**20k**
People involved in Culture Day in 2024, including CEO and Top management

**c.33**
Hours of training courses per employee per annum

**1%**
Gender pay gap on comparable roles, from c.4%; €100m pledged to further reduce our GPG

### Our shareholders

As a unique pan-European champion, we leverage Group synergies to provide superior capital generation and distributions. Our UniCredit Unlocked Strategy has been consistently delivering unmatched value while protecting assets and investing to secure sustainable, quality growth and remuneration.

We maintain open and transparent communication with our investors through regular updates, financial disclosures and proactive engagement. Through annual general meetings, investor calls and roadshows, we provide platforms for dialogue, addressing queries and fostering mutual understanding.

We also actively engage with investors on ESG topics, highlighting our sustainable initiatives and aligning our practices with investor interests in responsible growth.

**308**
Institutions met during 2024

**€9bn**
2024 distributions

**>€26bn**
2021-2024 cumulative distributions

# Our Strategy

## Driving industrial transformation, investing for the future

UniCredit Unlocked is our unique **Strategy** tailored to our inherent strengths and flexible enough to adapt to a changing environment.

Over the past few years, we were committed to **Unlocking trapped potential** and laying the foundations of **a fully transformed UniCredit**.

Today, we have one Group with one Vision, Culture and Strategy and clear direction to harmonise and leverage scale and scope – best-in-class product factories, converging technology and operations. We also have a network of 13 local banks empowered to manage their own operations locally within a streamlined organisation capable to deliver operations locally within a streamlined organisation capable of delivery.

# Unlocked Potential

## Laying the foundations of a fully transformed UniCredit: 2021 to 2024

### Empowerment and trust

**13 Banks empowered** by clear Principles and Values, cascading Group Strategy.

**Investing, trusting and empowering** our people with clear Principles and Values.

Read more on **page 342**

### Simplification and streamlining

**Leaner** and **delayered** organisation, with decisions closer to the clients where it matters.

Simplified and **harmonised processes**.

Read more on **page 350**

### Leveraging common strengths

**One Vision, One Culture, One Strategy.**

**Product factories**, **procurement** and **technology** under common denominator **leveraging scale and scope**.

Read more on **page 358**

The **financial results** achieved to date are a testament of scale and progress made with the holistic top-to-bottom industrial transformation. We are not only delivering excellent results, but more importantly we are producing the right kind of results.

Results that show the discipline with which we are focusing on **quality profitable growth, operational and capital efficiency**, building lines of defence and continuing to invest in the business for the future.

### Quality Growth

Focusing on capital-light growth and quality lending, while maintaining discipline in origination.

### Operational Excellence

Simplification and streamlining to target efficiencies and optimisation, while continuing to invest in the future.

### Capital Excellence

Considered capital allocation and active portfolio management to ensure sustainable, best-in-class organic capital generation.

# Unlocking Acceleration

## 2025 and beyond: Ushering in a new era of sustainable growth

The same, evolving **Strategy**

Building on our structural strengths with new alpha initiatives to widen our competitive gap.

Having laid the foundations and released our full potential, we're entering the next phase, where we'll evolve, not change, our Strategy.

UniCredit Unlocked will maintain the same unifying Vision, Culture and inspiring Purpose, while the focus of the Strategy will be on **Unlocking Acceleration** to unleash our full potential and widen the competitive gap further to herald a new era of sustainable growth.

In the rest of this report, we dive deeper into our progress against our UniCredit Unlocked Strategy.

Read more on **page 375**

# Together, every change we make, every month of the year, throughout all our businesses across all our geographies, contributes to delivering excellence and reaching our ambitions

Review all our milestones on **our Reporting microsite**

## January

**Employee daycare opened by HypoVereinsbank**
Office in Munich supports our work-life balance

**Customers rate Bulbank Online #1 in internet banking**

**Launch of EmpoweringU**
UniCredit's first holistic approach to employee well-being

**UniCredit included as an Equileap Top 100 gender equality company**
Ranked #2 in Italy for the third year in a row

**UniCredit named Top Employer in Europe for the eighth year**

**Bank iD launched in the Czech Republic**
Smoothing organisations' access to online services

## February

**America's Cup 2024**
UniCredit becomes the event's Global Partner, exclusive Global Banking Partner, and is named partner of the UniCredit Youth America's Cup

Strategy
Finance
Clients
People & Culture
ESG
Digital & Data
UniCredit Foundation

**UniCredit launches My Advisory**
Making our expertise easier to access for wealth management and private banking clients

**UniCredit offers contactless services in the Czech Republic and Slovakia**

250
Contactless ATMs

**UniCredit's strategic support for German startups with GetYourGuide**
Continuing to set industry benchmarks by fostering growth in the tech sector

## March

**Women's financial advisory month**
Leveraging on dedicated products and services to help women plan their finances

**New Employer Value Proposition**
Unlocking a Better Tomorrow; for colleagues, clients and communities

## April

**Focusing on women in digital**
A series of initiatives to empower female employees' growth

**Pre-approved loans for small-sized clients**
Advisors provide exclusive service for smaller businesses

## May

**UniCredit supports Education Academy project in Austria**
Free facility CAPE 10 helps children and young people to learn

**1Q24 Group Results**
Record results, significant value ahead

**Statement on Natural Capital and Biodiversity**
UniCredit's first comprehensive framework to link biodiversity and climate

## June

**UniCredit's online branch buddy** becomes new official banking partner of the Davis Cup 2024

**UniCredit in Germany hosts the third edition of our Culture Day**

**Basket Bond ESG: from UniCredit and CDP**
Two new rounds for Italian programme funding

>€143m
funding

Strategy
Finance
Clients
People & Culture
ESG
Digital & Data
UniCredit Foundation

**UniCredit supports Europe's largest liability management operation**
TIM NetCo/KRR deal worth €5.5 billion

**UniCredit starts process of acquiring Vodeno and Aion Bank**

**2Q24 & 1H24 Group Results**
Record quarter and first half results; profitable growth and superior distribution trajectory continue

**Net Zero targets set on Shipping and Commercial Real Estate sectors** in addition to Steel sector disclosed in January

**SmartBizz app now live**
Accelerating loan approvals for small businesses

## July

**UCF Edu-Fund Platform launched**
Helping to lift young people out of educational deprivation

## August

**Zaba's AI virtual assistant enhanced**
Saving clients' and bankers' time

**Launch of UniCredit for CEE**
Helping micro and small enterprises to grow

**UniCredit acquires around 9% equity stake in Commerzbank AG**

~9%

Equity stake

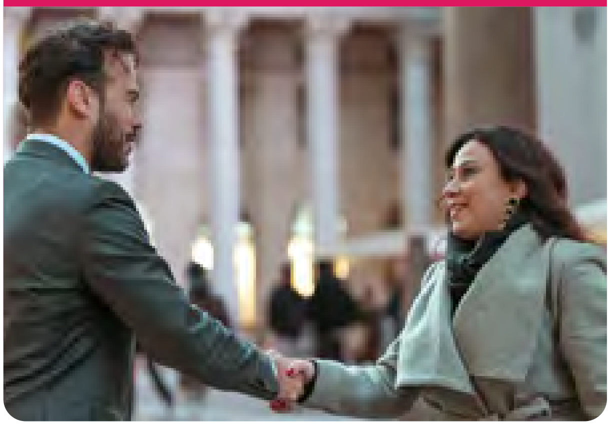
**Digital Strategy moves to Phase II**
Tech and talent transformation accelerates

**Digital Days reloaded**
Showcasing our Digital team to the Group

12,000

Online connections

**Expansion of our onemarkets Fund**



September

October

**Launch of UNA App**
Simplifying business processes for employees and customers

**UniCredit's €15 million social impact loan**
Provided to Nuova Assistenza Soc. Coop. Sociale ONLUS

**Leading the way for digital corporate banking in Germany**

**€5 billion plafond**
Supporting Italian businesses that reduce energy consumption with "Transizione 5.0"

Strategy
Finance
Clients
People & Culture
ESG
Digital & Data
UniCredit Foundation

**Second annual ESG Day tackles pressing concerns**
A challenged future: choosing the path ahead

**€8.3 million**
Financing Agroloop Kft with innovative greenfield investment

**4Q24 & FY24 Group Results**
Unlocking Acceleration: Record results crowning 16 consecutive quarters of quality growth

**Talento Diffuso project extended**
Enhancing employee talent in Italy

## November

**3Q24 & 9M24 Group Results**
Record third-quarter and nine-month results, ushering in a new era of sustainable quality growth

**UniCredit Bulbank to use 75% green energy**
Contract signed with photovoltaic power plant

**UniCredit secures majority stake in Alpha Bank Romania**

**Over €1 million to support education in Serbia**
Investing in initiatives to help transform the education system, from 2023 to 2026

## December

**FT names UniCredit Global Bank of the Year**
Won the award for the second time

# Empowerment and trust

A winning mentality grounded in clear Principles and Values and a shared Culture of Empowerment and trust. Fostering bottom up ideas and an environment where people are proud to own and drive growth and success.

## Our progress this year

2024 was another year of extensive listening to our people and joint work across all levels to spread and reinforce the Culture and Values that define us.

We made significant investments in education, professional development, and continuous learning, nurturing our talent for long-term success.

Today, as a transformed bank, our people feel connected, valued, embrace a can-do attitude, and view mistakes as opportunities to learn, all in the relentless pursuit of excellence.

This progress has contributed to our recognition as Global Bank of the Year for the second consecutive year by The Banker.

Read more on **page 344**

16
**Culture roadshows**
With 20k colleagues involved, including CEO and Leadership Team

c. 600
**Colleagues in Italy participating in reskilling plan**
Moved from central functions to commercial branches, as a blueprint to be extended to the overall Group

€30m
**To UniCredit Foundation**
Strengthening our focus on Youth and Education

25k
**Participants in UniCredit University**
in Italy in 2024, with 50 hours of active learning per capita

>16k
**Hirings in business divisions,**
since 2021, 9k of which young talents, transforming the organisation

Group

# Empowering teams to lead

A new major training programme for our people in Italy has introduced new collaborative ways of working at UniCredit, empowering decision-making for our credit teams.

Implemented in June 2022, after a year of preparatory activities, our Empowerment Italy – Credit Delegations project is a significant example of how UniCredit has transformed. It has helped employees to better support our new business model, as they have gained awareness and accountability. It has also aligned our risk and business functions, encouraged greater collaboration and enabled both functions to jointly take ownership of the Italian credit portfolio, guaranteeing a strong risk presidium.

Supported by a comprehensive preparatory training programme, the project Empowerment Italy – Credit Delegations project has:

> Enhanced customer proximity
> Rebuilt and empowered our first line of defence
> Refocused and evolved our second line of defence of risk management
> Clarified the roles between first and second line of defence, strengthening our controls framework.

>2,000

**People trained in Italy** FY23 to take c.90% credit decisions vs +5% in FY21 (based on volumes)

70

**Hours training** per person, over 356 classrooms and 80 teachers

December Italy

# **Unlocking the talents** of all our people

Everyone has intrinsic abilities and skills that can help us to succeed. That's the idea behind Talento Diffuso.

Talento Diffuso stemmed from a listening campaign piloted in 2023. We engaged with 28,000 colleagues to discover what motivated them and what inherent talents they wanted to develop. We then committed to building a personalised training path that helps them grow, express these skills and unlock their true potential, professionally and personally.

More than 12,000 colleagues across UniCredit Italy, including Retail, Corporate and Private Banking as well as Central Functions, Competence lines, Wealth Management and Large Corporates, have joined the initiative since its launch in 2023.

Almost 2,200 colleagues have completed a blended learning path with online courses and an on-site "Talent Development Lab" resulting in individual development plans; another 4,000 colleagues from Network Italy and Central Functions, Wealth Management, Large Corporates will be involved in 2025 in experiential workshops dedicated to personal efficacy and enhancement of their own talents.

**"I have learned to pay attention to the talents of my colleagues. The talent of each person allows us to create value: that's the true essence of Talento Diffuso."**

**Elisabetta Zavagli**
Operational Manager, Private Area Lombardia East

**"The Talento Diffuso programme definitely helped me become more conscious about our work, providing me better understanding of what will be in the focus of our Bank in the future."**

**Fabio Maltese**
Private Banker

January Germany

# **Employee daycare** opens in Munich

HypoVereinsbank is supporting colleagues' work-life balance by opening a daycare centre in Munich.

Bavaria's shortage of childcare places makes it challenging for colleagues to balance their work and family life. The bank's innovative daycare centre, operated with Dussmann KulturKindergarten GmbH, bridges the gap by providing childcare spots for 36 children aged three months to three years.

Housed in a distinctive circular building with a rooftop garden, the centre is a protected, inspiring and traffic-free environment where children can play and relax.

The new centre is part of a broader offering that supports a sustainable, family-friendly corporate culture, such as flexible care options for elderly or dependent relatives and children, and a Parents4Parents network for parents to connect and exchange ideas.

November Serbia

# **Over €1 million** to support education in Serbia

UniCredit Bank and the UniCredit Foundation in Serbia have invested over €1 million in an educational initiative to help schools and teachers transform the country's education system and unlock the potential of young people, in the period from 2023 to 2026.

The RePower project builds on partnerships established with Junior Achievement Serbia, the Nordeus Foundation and Teach For All, alongside the Faculty of Philosophy at the University of Belgrade. The aim is to strengthen local communities and provide teachers with the tools they need to build more inclusive school environments, reflecting the enduring commitment of the UniCredit Foundation to the development of young people.

In just one year, 11,629 students and around 300 teachers from 190 secondary schools took part in programmes including a Business Challenge, Student Company, Financial Literacy and Business Ethics, as well as a Special Challenge competition.

We plan to reach more than 10,000 students in the underdeveloped regions of Serbia by 2026, via a network of 100 dedicated and innovative teachers who will focus on concrete actions in their communities.

**"Investing in education is an investment in the future of our community. It is not only socially responsible, but also a smart business decision. One of UniCredit's key priorities is education, and we actively cooperate with many institutions in order to ensure that educational programmes reflect the state's strategic goals. We believe that in this way we are creating a synergy that will benefit our country."**

**Nikola Vuletić**
President of the Management Board of UniCredit Bank

July Group

# **Bold move to lift young people** out of educational deprivation

The UniCredit Foundation advanced its mission to Empower Europe's Next Generation by launching the UCF Edu-Fund Platform with a total commitment of €14 million.

The initiative seeks to foster quality education and promote regional growth by engaging community stakeholders, contributing to a more equitable future. It supports multidimensional projects focused on the academic challenges young people face in countries where we operate. Examples include preventing school dropouts, addressing inadequate educators' skills, encouraging university education and improving employability for students aged 11 to 19.

The initiative is open all year round. Its funding pool offers three streams of funding opportunities, ranging from €100,000 to over €1 million, to non-profits across Austria, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Germany, Hungary, Italy, Romania, Serbia, Slovakia, and Slovenia.

The entities must have a comprehensive background in fostering quality education, regional development, and an inclusive response to their communities' educational needs.

March | Italy

# **Women's financial advisory month** helps bridge the financial gender gap

UniCredit firmly believes that investing in financial education for women generates long-term benefits and boosts the sustainable development of communities and social inclusion.

We used International Women's Day (IWD) on 8 March to launch a month-long series of initiatives in Italy aimed at bridging the gender gap and raising women's financial literacy levels.

An IWD open day for women in over 100 branches of the bank throughout Italy kicked off our women's financial advisory month. Over 30,000 customers were invited to complete a wealth questionnaire to determine their personal requirements around financial planning, wealth management and insurance.

> Effective financial management is a key lever in empowering women and enhancing their independence. Mastering money management is crucial, as it can significantly impact their ability to make autonomous decisions and foster both personal and professional development.

**Marianna Plafoni**
Head of Retail at UniCredit in Italy

A woman's goals and financial needs change throughout her life, and her investment strategy can adapt to reflect this.

Our wealth questionnaire helps us provide our female clients with the tools and information they need for a profitable and flexible investment strategy over time, via a transparent approach to consciously manage their assets and provide long-term oversight of their finances.

May · Austria

# **UniCredit supports** Education Academy project in Austria

Together with the UniCredit Foundation (UCF), UniCredit Bank Austria now provides long-term financial support for an outstanding education project in Vienna's most culturally and linguistically diverse district.

The bank supports two projects by the CAPE 10 social and health facility in Favoriten – an Education Academy and a Hobby Lobby education initiative. Its €600,000 contribution is part of our drive to promote equal educational opportunities for children and young people.

> “
> UniCredit Bank Austria is making a sustainable financial contribution to this outstanding project. The CAPE 10 initiative is paving the way for young people to complete school. With the Education Academy, it offers students in Vienna a low-threshold free learning and education programme as an important supplement to the regular curriculum. The aim is to provide equal educational opportunities for all children and young people in a culturally and linguistically diverse district.
>
> **Ivan Vlaho**
> UniCredit Bank Austria CEO

# Simplification and streamlining

A new way of working in a leaner and more efficient organisation, with decisions closer to the clients. Simplifying and harmonising processes to deliver a seamless experience and focus our people on what creates value.

## Our progress this year

At UniCredit, we continuously rethink our organisation, questioning every process, operation and capability to ensure we are focused on what truly adds value for both our clients and the Bank.

2024 was a year of significant achievements – we accelerated our simplification and streamlined initiatives, reducing layers between us and our clients and creating a leaner organisational structure for faster and more efficient delivery.

We reviewed numerous key processes also leveraging technology and AI to automate and reduce complexity, improving our ways of working while enhancing the most impactful steps, driving greater efficiency and value.

Read more on **page 352**

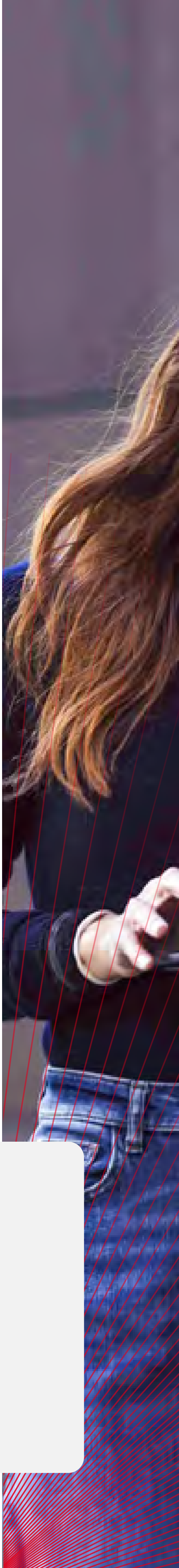
c.-35%
**Reduction in organisational structures**
c.-50% in Holding

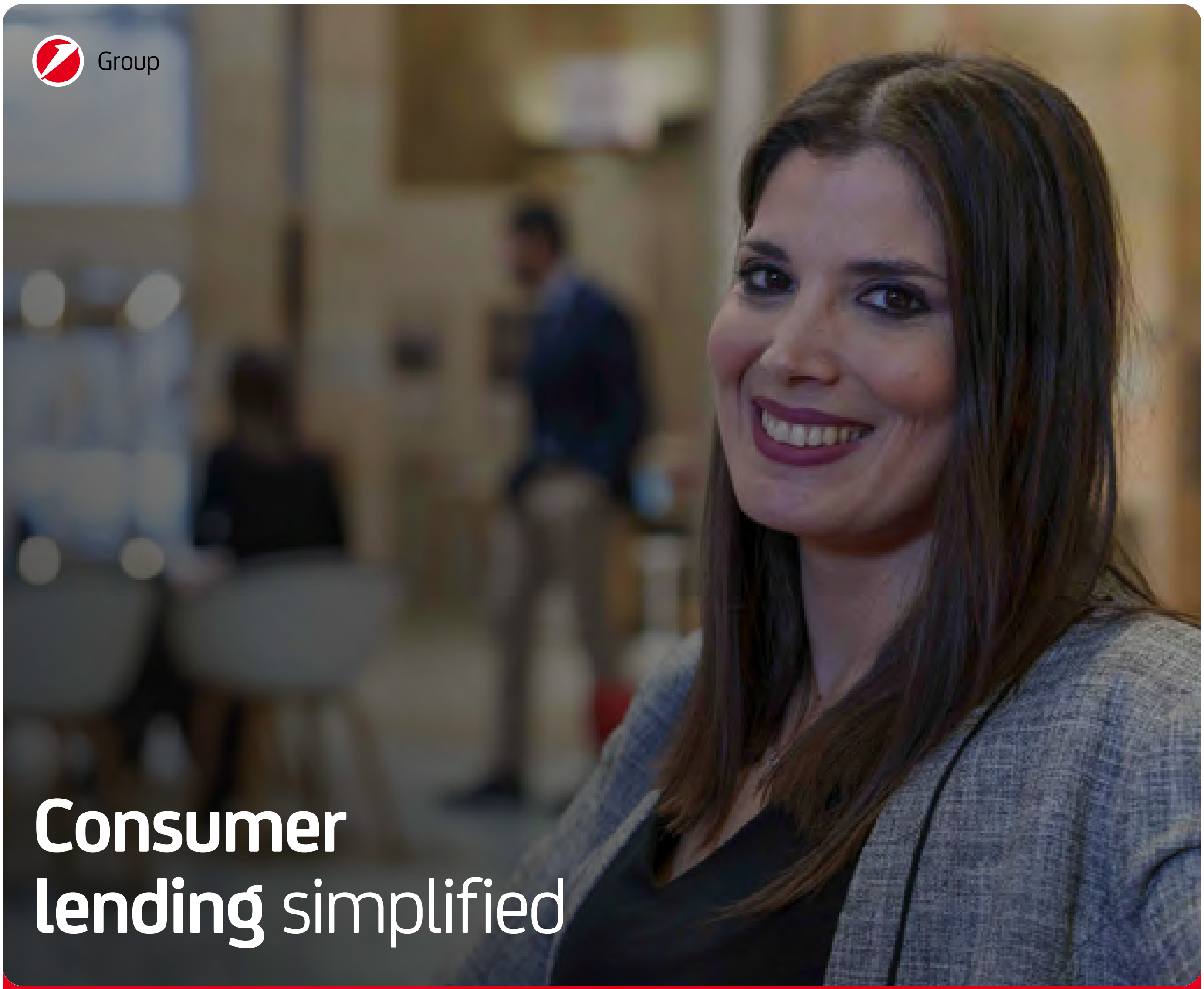
>2k
**Simplification proposals**
c.50% in implementation across 10 countries

106
**AI use cases**

-5
**Fewer layers to the client**
(4 from 9)

>530
**Apps decommissioned**






**Giving our clients a streamlined and more efficient experience**

UniCredit has moved from a top-heavy, centralised organisation to a leaner, faster and more effective structure, with a significant reduction in organisational complexity.

This transformation is down to our focus on simplification. We do it by applying a "blank sheet approach" to everything we do – across all countries and functions. We question every process from scratch, ensuring that we focus on what truly adds value.

In Italy, we've successfully applied this approach and redesigned consumer lending process, and in doing so we created a Group benchmark and a common new way of working.

Today, 95% of consumer loans in Italy are processed in this new, efficient and faster way. Clients are experiencing a faster experience with quicker loan approval – from over 24 hours to just 25 minutes – in a redesigned and a seamless journey, consistent across all channels.

Our people are reducing their task load to focus on higher-value and client-facing activities. Our business is benefiting from lower operating costs and high scalability across segments and countries, and our shareholders are enjoying the benefits of our improved performance.

September Bosnia and Herzegovina

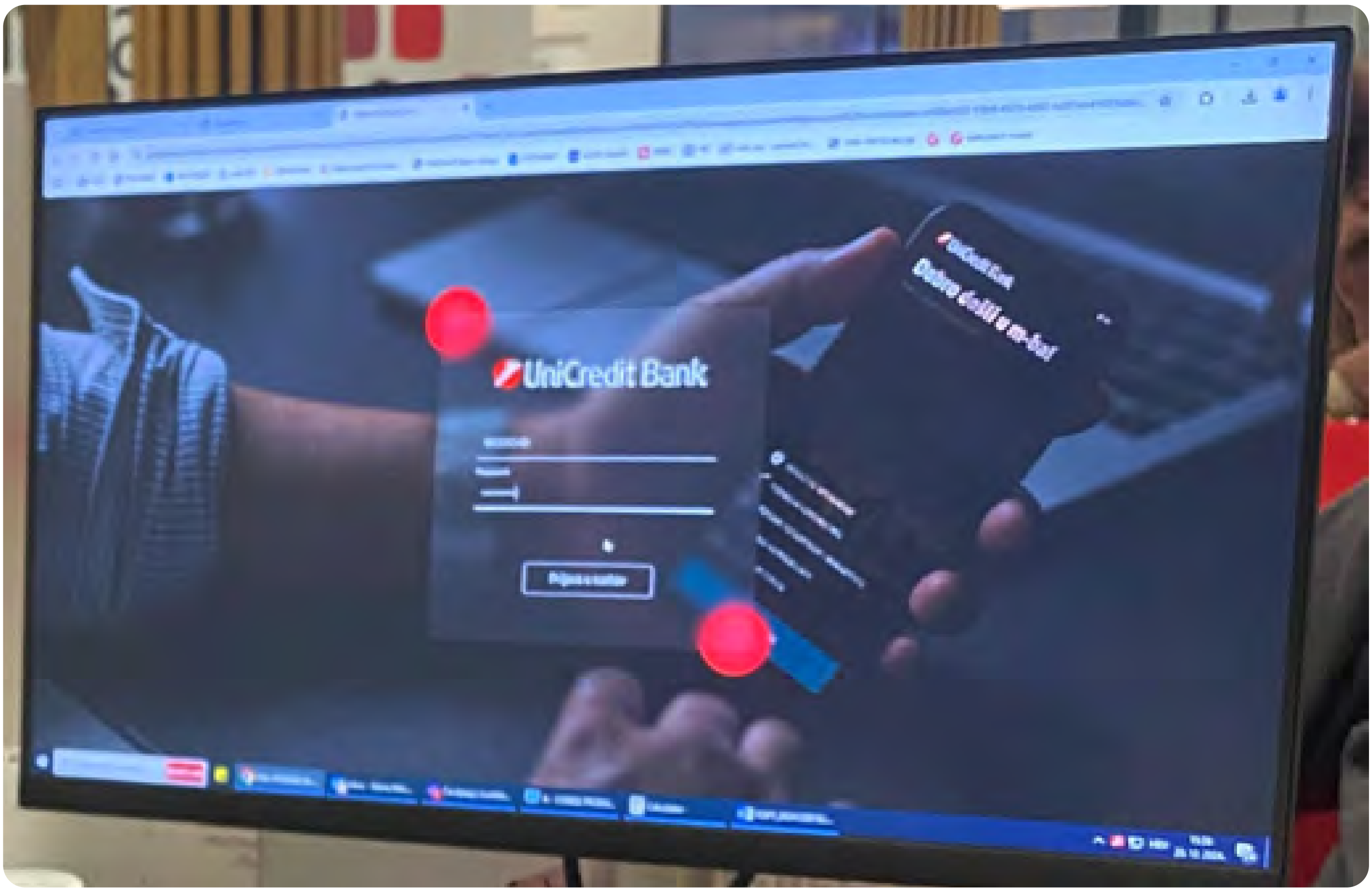
# New UNA App improves business processes
## for customers and colleagues

UniCredit has launched its new UNA App in Bosnia and Herzegovina, simplifying everyday business processes and providing a faster service for customers.

Our customers enjoy 1.6 times faster interactions with the system, thanks to a user-friendly interface and streamlined features. We estimate that some business process tasks in the new application will run 40% faster, helping colleagues focus on delivering better experiences for clients.

Built using a microservice architecture, the new UNA App benefits from greater flexibility, scalability and easier maintenance, as well as robust security measures. Updates and new features are delivered more quickly.

This project is being developed in collaboration with colleagues from UniCredit in Mostar and Banja Luka, highlighting the power of cross-team co-operation and the shared commitment to excellence found across our network in Bosnia and Herzegovina.



October | Germany

# **Leading the way** for digital corporate banking in Germany

HypoVereinsbank (HVB) was awarded third place in the FINANCE magazine 2024 Banks Survey of the best corporate banks in Germany, repeating our success in 2023's survey.

The FINANCE Banks Survey is one of the key indicators of performance and customer orientation in German corporate banking and gives a comprehensive insight into the developments and trends in the industry.

HVB came first in the "Digitalisation of Corporate Customer Business" category, recognising the successful implementation of our digital transformation strategy and the value to corporate clients of our strategic investments in digital solutions. This underlines the growing need for broad digital platform solutions in corporate banking.

In the last three years, we have reduced over 1,000 individual processes and achieved significant efficiency gains, including reducing the time between application and disbursement of consumer loans by 30%.

We also achieved a productivity gain of over 10% in mortgage loan applications thanks to process automation and simplification. In wealth management, we managed to reduce processing times by more than 30%. Additionally, we worked intensively on our product catalogue, adapting and simplifying it according to our customers' needs.

HVB is popular with German SMEs: more than half of the survey's SME respondents placed HVB in top place. We were second in the "Most Common House Banks" category, with particularly strong support from companies with a turnover of less than €250 million, two-thirds of whom list HVB as their principal bank.

HVB also came second in the "Best Service Level" and "Advice on Sustainable Financing/ESG" categories.

Since 2023 we have organised 111 events at our Innovation Hub, with participation from over 12,517 people across all divisions. With the Regional Innovation Days, we addressed topics ranging from AI and digital platforms to security, leadership, and entrepreneurship. 33% of the sessions were co-organised with external partners, contributing to the promotion of digital innovation and knowledge sharing. Additionally, our Democracy Hub Campaign hosted five events focused on democracy and our Bank's engagement, with participation from over 1,180 people.

For the coming year, HVB has set itself the goal of defending our leading position in digitalisation and further improving our overall position.

> These pleasing rankings are a great confirmation that we are on the right track with our Strategy. They underline the importance of continuous change and our ability to adapt. They motivate us to constantly improve and offer our customers the best possible service.

**Martin Brinckmann**
Head of Small and Medium Corporates

July Italy

## **UniCredit supports** Europe's largest liability management operation

UniCredit has played a pivotal role in structuring the finance for the transfer of TIM Group's NetCo business to Kohlberg Kravis Roberts & Co. LP (KKR) – including a huge liability management operation that allows TIM to compete more effectively in its key Italian markets.

Earlier, in April, we supported TIM in the closure of the sale of NetCo, acting as bookrunner, mandated lead arranger, documentation bank and facility agent for a financing term loan of €1.5 billion with an 18-month maturity.

We also acted as joint lead manager for one of the largest liability management operations ever carried out in Italy, and the largest carried out in Europe for a corporate issuer. This was for a €5.5 billion equivalent "par-to-par" exchange to enable a significant portion of TIM bonds to be contributed to NetCo.

The operation allows TIM to adopt a new business model that will enable the Group to compete more effectively in the Consumer and Enterprise markets in Italy, thanks to a greater focus on industrial and commercial components and a solid financial structure.

August Croatia

## **Enhanced Zaba AI** saves time for clients and colleagues

Zagrebačka banka (Zaba)'s virtual assistant – Mia – was introduced in October 2023 to shorten waiting times for clients and free up time for contact centre agents to provide a better service. A year later, Mia is handling over 20% of all calls.

Almost 70% of Zaba's clients bank digitally, with 95% of all transactions carried out online. Mia is a key feature of the bank's digital service, filtering calls and answering the most frequently asked questions around card and online payments as well as general information about our services.

The introduction of Mia resulted in agents handling 22.3% fewer calls, making them available to deal promptly with more complex client enquiries.

Mia's accuracy is paramount: the answers given are always consistent and verified, and customer feedback is helping to develop and improve the service. We are working with leaders in AI technology to further increase functionality and ensure Mia remains the leading virtual assistant in the Croatian banking sector.

~70%
Zagrebačka banka (Zaba) clients bank digitally

>20%
Calls handled by Mia after a year of operation

22.3%
Reduction in calls handled by agents since Mia's introduction


# **Pre-approved loans** for small-sized clients

Small companies are the backbone of many economies, so we must create innovative banking initiatives to support their growth.

In Slovenia, we launched an exclusive pre-approved loan service for smaller clients. UniCredit Bank Slovenija selects companies with a solid strategy, clear vision and an excellent credit rating. The bank's advisors then offer them pre-approved credit when opening and using a transaction account with a small business package.

Using targeted communications and repeated contact, the bank has retained its existing customers and attracted new ones, increasing business volumes by meeting individual customer needs.

January · Czech Republic and Slovakia

# **Launch of Bank iD** brings seamless online verification to Czech clients

UniCredit Bank is giving clients in the Czech Republic an easier way to interact with key public and private services, from submitting tax returns to getting a prescription. Bank iD is a new app allowing people to verify their identity using the same credentials across a range of applications.

Bank iD is a secure mobile identity checker that integrates with the online portals of many government services, authorities, health and insurance providers and private companies.

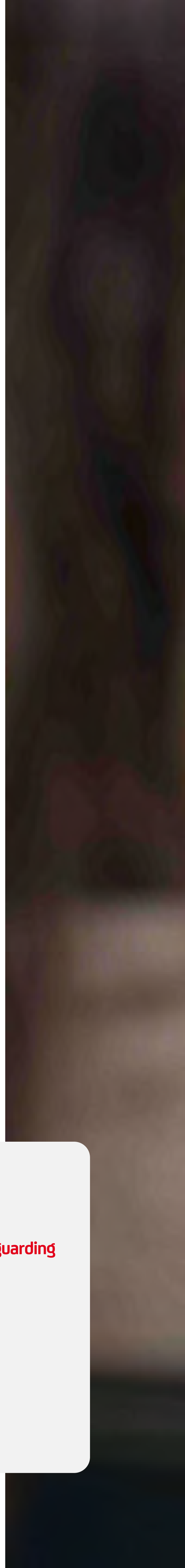

It allows customers to verify their identity via our smart banking app using their normal UniCredit pin code, fingerprint or Face ID, and then log into a third-party service in the usual way.

To activate Bank iD, UniCredit clients just need an active online bank account, smart key activation and the latest version of our banking app.

A range of useful public and private sector services can be accessed with Bank iD:

> submitting tax returns
> checking the validity of personal documents
> accessing the vehicle registry
> viewing property records
> accessing the Citizen Portal
> checking pension details
> obtaining e-prescriptions
> applying for housing or family subsidies
> changing health insurance provider
> registering with a doctor
> signing contracts with mobile operators or energy suppliers
> signing rental agreements
> signing employment contracts or work-related document
> signing enrolment agreements for studies.

Bank iD continues to integrate with other services and is becoming one of the most popular methods of online identification – a clear example of UniCredit providing simple solutions for clients and supporting the broader needs of the communities in which we operate.



# **Leveraging** common strengths

One Group with a common Vision, Strategy and Culture. Leveraging scale and scope of best-in-class product factories, common Procurement, Digital and Operations serving all, fully empowered, local banks.

## Our progress this year

While our banks manage day-to-day operations, the Group provides overarching direction and harmonises scalable activities.

In 2024, we continued investing in our product factories, reinforcing talent, and making significant progress in our solution offerings. We selectively partnered with top industry leaders to complement our in-house capabilities and deliver best-in-class solutions.

All our product factories marked significant growth this year, demonstrating the potential of our Group; combining high-quality products from the centre with the distribution power of our network in the countries.

Additionally, our centralised procurement and converging digital and operational efforts protect long-term priorities and serve the entire Group, offering solutions with quality and speed that individual banks would likely find difficult to achieve on their own.

Read more on **page 360**

€14.5bn
**onemarkets funds**
#44 funds in 10 countries

Payments
**Built a Group global factory and strengthened key partnerships**

1 Group Procurement
**Taking back control and safeguarding our long-term interests**
>100 vendors discontinued

Insurance
**Setting the foundation for internalisation of Life Insurance and partnership with Alpha Life in Greece**

>91%
**FX and commodities trades executed E2E digitally**

October

Group

# Expansion of our **onemarkets Fund portfolio and launch in Greece**

**A new approach to investment solutions, putting our clients firmly at the centre of all we do.**

We've continued to develop our asset management strategy, bringing innovation to our regions as we expand our **onemarkets** Fund portfolio, which provides clients with access to a growing selection of actively managed funds.

The **onemarkets** Fund portfolio offers a comprehensive fund proposition in terms of asset classes, geographies and investment themes to respond to the investment strategies of all our clients.

Through the **onemarkets** Funds, UniCredit offers an exclusive selection of bespoke investment opportunities, managed by a team of experts, under a framework that ensures quality and specific risk-return profiles.

The platform offers 44 funds distributed in 10 countries and €14.5 billion AUM, with a growing selection of actively managed options. It's a best-in-class investment solution, developed in-house with UniCredit's Investment Strategy and Product Management teams across countries, and through partnering with experienced asset managers.

In October, it was launched in Greece, empowering local Alpha Bank clients with sophisticated actively managed investment products, while leveraging UniCredit's scale.

**"The onemarkets Fund portfolio opens a window to international investment opportunities for our clients and gives them the option of investing in mutual funds managed by asset managers. It offers innovative products and strategies covering all investment profiles, leveraging UniCredit's expertise combined with the extensive experience and strong performance of Alpha Bank's Asset Management teams."**

**Vassilios Psaltis**
Alpha Bank CEO

In addition, our partnership with Azimut means that Nova, a second fully-fledged funds business, is at the heart of our open platform to support the continuous launch of new funds in Italy. Part of the **onemarkets** funds, 13 Nova funds are available with €3.3 billion AUM*.

*data accurate as of 31 December 2024.

June Group

# buddy named **Davis Cup 2024 Official Banking Partner**

The International Tennis Federation's appointment of buddy, UniCredit's new online branch, as the new official banking partner of the famous Davis Cup has served up opportunities to present the new digital and remote service model to customers.

buddy is a complementary, not an alternative, service model to the physical one. Customers can choose where, how, and when to be served, with the same service level.

In September, UniCredit presented buddy to customers in Bologna during the group-stage Davis Cup finals, which also took place in Manchester, Valencia and Zhuhai. We also stayed close to customers in Bologna when the final eight teams played in November.

Several other initiatives since buddy's launch, such as Roma 2024 European Athletics Championships and local projects related to universities, have underlined the focus on innovation, and commitment to stay close to our territories.

**"With buddy as Official Banking Partner of the Davis Cup we confirm our commitment to promote sport as a powerful means of inclusion and personal growth, encouraging the development of the communities and territories in which we operate."**

**Annalisa Areni**
Head of Client Strategies at UniCredit in Italy


February Group

# UniCredit gets on board the **America's Cup**

The famous America's Cup set sail with UniCredit on board for the first time as its Global Partner and Global Banking Partner, reflecting our belief in teamwork and relentlessly pursuing success. UniCredit also sponsored the inaugural UniCredit Youth America's Cup Regatta, enabling us to support young people's sailing talent and promote sustainable development.

Our overall sponsorship served as a platform to engage and inspire existing and future client relationships. We reserved spaces for clients on a dedicated boat to watch the races. 20 UniCredit structures included a stand where we welcomed 50,000 visitors and a photo booth that racked up 10,000 360° video experiences.

We didn't miss the opportunity to engage with colleagues, including 70 who exemplified teamwork in the project team. We offered free hospitality passes for the AC37 Preliminary Regatta in Vilanova i la Geltrú, near Barcelona, so our people could experience the event first-hand.

We also had a stand at the Race Village at the Louis Vuitton 37th America's Cup and Puig Women's Cup, with engaging activities for colleagues.

**"We are proud to be partnering with an event that showcases talent and prioritises environmental and sustainable practices. This is fully aligned with UniCredit's Strategy."**

**Andrea Orcel**
UniCredit Group CEO

July Group

# UniCredit advances its technology with **Vodeno and Aion Bank acquisition**

UniCredit has entered into a binding agreement to acquire the entire share capital of Belgium's Aion Bank and its digital partner Poland's Vodeno for around €370 million. The acquisition will amplify our digital capabilities with next-generation, scalable and flexible cloud-based banking technology, without depending on third-party core banking providers.

The companies include banking-as-a-service products via Vodeno's cloud platform and 200 engineers, developers, and data scientists who can help us innovate and develop a seamless offering for clients. It will allow UniCredit to embed financial solutions directly into the customer journeys of fintechs, retailers, e-commerce marketplaces, banks and technology providers, and to pursue new, targeted client segments and European market expansion.

**"Aion and Vodeno represents a strategic investment for our Group, unlocking the full potential of entering new markets thanks to a highly flexible and scalable business model, fully in line with UniCredit growth goals and ambitions. A&V will contribute to generate further excess cash and capital in the medium term and enhancing our Group profitability and value for our shareholders and stakeholders."**

**Fiona Melrose**
Head of Group Strategy & ESG at UniCredit

November Romania

# UniCredit acquires majority share in Alpha Bank Romania

UniCredit has acquired a 90.1% stake in Alpha Bank, creating the third largest banking group by assets in Romania.

This is the start of a gradual integration of Alpha Bank Romania into UniCredit Group, which will be completed with the merger through absorption of Alpha Bank Romania S.A. within UniCredit Bank S.A., estimated to take place in the second part of 2025.

The merger will bring together two complementary banks, both with longstanding relationships and expertise in the Romanian market. The corporate and retail experience of UniCredit Romania and Alpha Bank Romania will strengthen the position of the resulting bank.

**"This is a decisive step in our strategic partnership with Alpha, allowing us to further enhance our presence in the country for the benefit of clients and our wider stakeholders. The resulting bank will be well positioned for growth opportunities in the Romanian market, as well as for the development of the potential of all employees in Romania and across the wider Group"**

**Andrea Orcel**
CEO of UniCredit

**"Together with UniCredit, we are building a leading bank in the Romanian market – reflecting Alpha Bank's longstanding presence in the country – while actively collaborating across multiple areas to deliver top-tier services to Greek companies expanding into Europe and to European groups looking to invest in Greece."**

**Vassilios Psaltis**
CEO of Alpha Services and Holdings

**"We are happy to collaborate with the Alpha Bank Romania team. During this transition period, we are ensuring business development, quality service to our customers and the best possible work environment for employees."**

**Mihaela Lupu**
CEO of UniCredit Bank Romania

**"I am confident that today's step towards a merger lays the groundwork for one of the most important, dynamic and customer-focused banking institutions in Romania. This institution resulted will stand as a modern, leading force in the industry – one that not only meets but anticipates the evolving needs of our customers and all stakeholders in an increasingly competitive and fast-changing business landscape."**

**Sergiu Oprescu**
Executive President of Alpha Bank Romania

October Italy

# UniCredit provides **€15 million social impact loan**

In line with our ESG Strategy, UniCredit has provided a social impact loan of €15 million over eight years to Nuova Assistenza, a cooperative working in the socio-health, welfare and educational sectors in Italy.

The loan is to support the construction of new long-term care facilities (RSAs) in Tuscany and Sardinia and the acquisition of a number of facilities already managed by the organisation. This will enable Nuova Assistenza to increase the number of beds it offers by over 300 – with 144 in the new facilities and 177 in the facilities already managed by the organisation.

The investment is backed by SACE's Garanzia Futuro and is subsidised due to the social impact generated, in terms of the wellbeing of guests, the reduction of waiting lists and respite afforded to caregivers.

**November** Group

# **Digital unlocked:** Our updated Digital Strategy

Our determined efforts to accelerate transformation through simplification and centralisation have paid off. We are now taking back control of our technology and talent, building an operating model based on end-to-end ownership of our core technology, products and processes.

## Progressive transformation

With our technology and talent in-house, we can accelerate our evolution and reach our potential as a top-tier digital and data-driven bank.

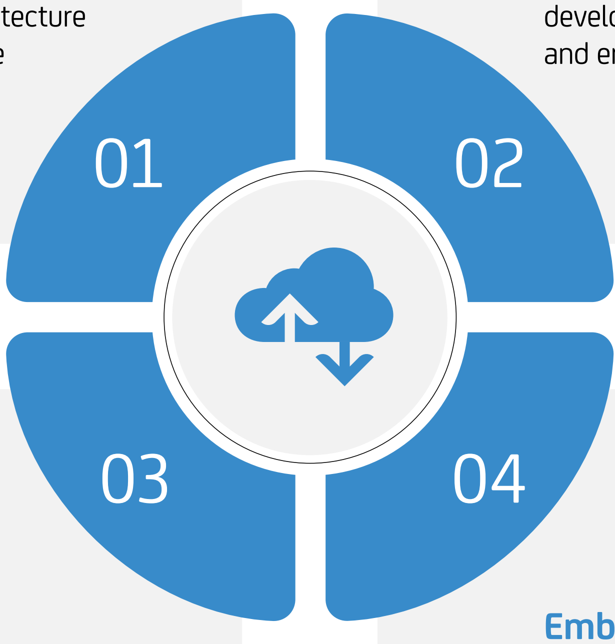
**Four strategic areas comprise the next phase:**

### Transitioning our infrastructure

Modernising our infrastructure to make it more resilient and suited to our evolving needs, with a standardised architecture for managing Group-wide applications and data.

### Elevating our application landscape

Upgrading our application landscape with a cloud-first approach to accelerate development, foster synergies, and enhance infrastructure.



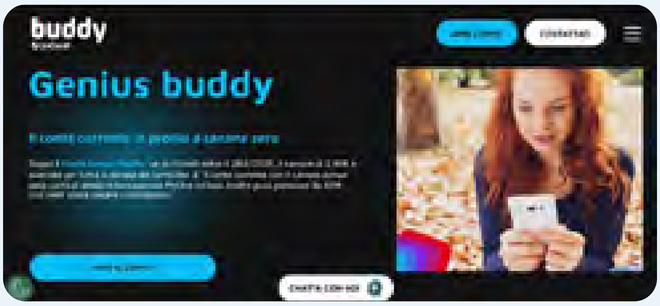

### Enhancing our way of working

Streamlining our organisation and investing in our people to improve efficiency, foster growth and drive innovation.

### Embracing Data and AI

Becoming a data-driven bank leveraging AI and analytics to boost profitability and create a better, more tailored customer experience.

## Key achievements




**Digital onboarding on buddy and all channels**
The optimised flow minimises steps and user inputs, making it faster than ever to become a UniCredit customer. This onboarding process has now also been extended to cards and new current account products for UniCredit and buddy.


**Rolling out GenAI solutions with UniAsk**
A new way for colleagues to search the Bank’s knowledge base of regulatory, policy and product information using a generative-AI-powered chatbot.

**Expansion of our Global Bank Insurance platform**
Providing customers with a more flexible, modern and paperless experience that can bundle together banking and insurance products.

**Implementation of AI for previously manual processes**
An average of 5,000 cheques a day are now processed using AI.

**Developing AI tools to classify M&A clients**
Assessing their status as likely buyers or sellers, and finding matches between compatible companies.

# Looking ahead

## Potential catalysts to accelerate our Digital machine:

A significant deal with a cloud service provider, bringing major benefits of scale and accelerating our transition to the cloud.

A single integration platform across the Group.

A single vendor strategy across the Group.

A single AI platform across the Group.

## Driving positive impact:

> **Supporting the Bank's industrial plan** by enabling the digitalisation of our factories, franchise and governance functions

> **Fulfilling the latest regulatory requirements** and future-proofing our business

> **Empowering the workforce of the future** by bringing technology expertise into the Bank and reducing reliance on third parties

> **Delivering a single, consistent and ubiquitous technology ecosystem** to harmonise our user experience across channels

> **Optimising run and change processes** – driving greater efficiency in the daily running of our Digital machine while streamlining and standardising development of new products and services

> **Improving the monitoring of our digital ecosystem** through automated KPI measurements, capacity planning and project tracking, as well as improved governance around third parties.

April · Germany

# UniCredit's Strategic Support for **German Start-Ups**

UniCredit's ability to leverage its collective strengths across markets is exemplified by its success in **Germany**, where **HypoVereinsbank (HVB)** has positioned itself as a key partner for the country's most promising start-ups. Through a dedicated Tech Team and deep expertise in digital business models, HVB has played a crucial role in **fostering innovation** and supporting high-growth companies from inception to global expansion.

A prime example of this approach is the collaboration with **GetYourGuide**, a global online marketplace to book travel experiences and tours, and one of Germany's most successful start-ups. Since its early stages, UniCredit has been instrumental in the company's growth, acting as the sole private placement agent for its secondary equity private placement. The transaction, led by a new institutional investor, was oversubscribed despite challenging market conditions, underscoring GetYourGuide's strong trajectory.

This partnership reflects UniCredit's broader strategy to **empower tech-driven businesses**, particularly in future-oriented fields such as AI, technology, and resilient digital infrastructure. By offering **tailored financial solutions** – including convertible bonds, green financing, and international expansion support – we ensure that companies like GetYourGuide can continue scaling successfully.

Looking ahead to 2025, we remain committed to fostering growth in the tech sector. The expansion of the German Tech Team with two additional key hires will further enhance its ability to support clients with specialised expertise. By leveraging its European network and deep local market knowledge, **we continue to set industry benchmarks** in strategic guidance and financial solutions, reinforcing Germany's role as a **model of excellence** within the Group.

August · Group

# **Launch of UniCredit for CEE** boosts competitiveness for micro and small enterprises

The launch of UniCredit for Central and Eastern Europe has brought €2 billion of tailored financing to help micro and small enterprises become more competitive, including third sector organisations.

UniCredit for CEE brings concrete financial, accounts management and advisory solutions to small businesses across the CEE region, helping them grow and transition to more sustainable business practices.

## Finance

60 different finance solutions were made available during 2024, including targeted programmes in specific markets to support innovation, digitalisation, competitiveness and sustainability. Local programmes for certain economic sectors such as agriculture, tourism or exporters were also made available.

In four markets, subsidised credit facilities for microbusinesses will support new companies with financing solutions, including digital payments and financial education.

## Accounts management

In some markets and under certain conditions, fee-free periods are offered to third sector organisations and newly onboarded clients.

## Advisory

We support micro, small and SME clients as they transition towards more sustainable business models. 13 ESG financing programmes help clients invest in sustainable practices and green technologies.

March Italy

# My Advisory: the brand-new advisory service **dedicated to private banking and wealth management clients in Italy**

UniCredit has launched a new advisory service for high net worth clients, combining advanced portfolio analysis methodologies with the expertise of UniCredit's investment strategy experts.

My Advisory leverages on a newly developed platform designed to help Bankers identify clients' needs and share tailored investment proposals with them, supported by advanced portfolio and risk analysis.

With its multichannel approach, My Advisory combines traditional and digital channels, ensuring clients can count on the personal attention of their Banker, while monitoring their financial assets remotely.

Furthermore, the new platform allows clients to receive complete and detailed reporting, both periodic and on-demand, allowing them to monitor the performance of investments in a timely, simple and intuitive way.

The result is a service that stands out for its quality, customised reporting and tailor-made investment advisory.

# A transformed bank delivering three years of outstanding results

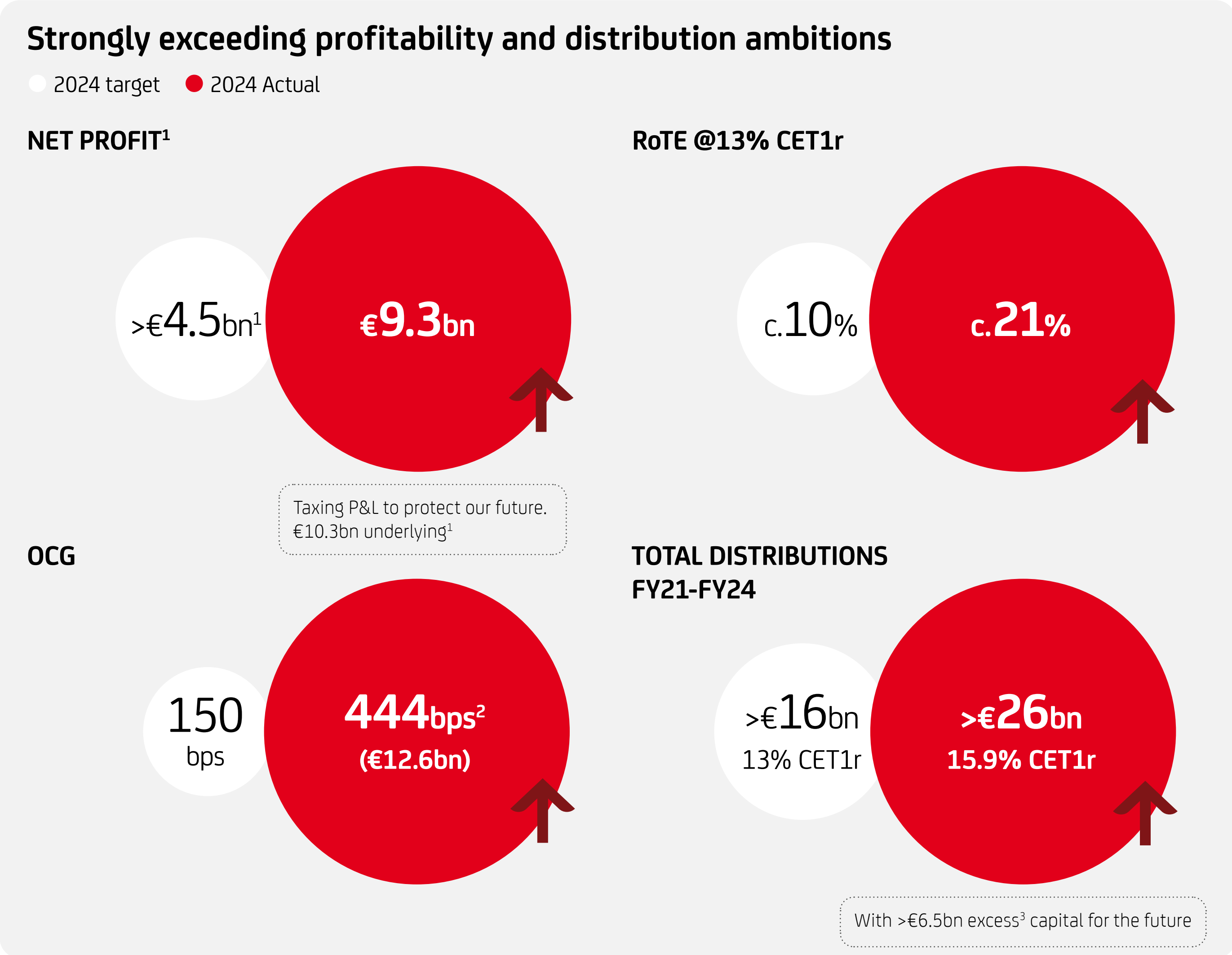
Three years of cultural, industrial and financial transformation have elevated UniCredit to the position of the **leading pan-European bank**. UniCredit has consistently delivered **outstanding financial results quarter after quarter**, whilst setting a new benchmark for banking.

We have successfully completed the first phase of UniCredit Unlocked as a transformed bank that delivered sixteen consecutive quarters of profitable growth, **crowning our best year ever** and with all regions contributing.

## We beat our Unlocked targets set in 2021, reaching a new sustainable run rate

| | | 2024 Target | 2024 Actual | |
|---|---|---|---|---|
| Quality Growth | Gross Revenue | c.€19bn | €24.8bn | ↑ |
| | Net Revenue CAGR FY21-FY24 | +2% | +14% | ↑ |
| | Fee growth CAGR FY21-FY24 | +4% | +6% | ↑ |
| | Net NPEr | c.1.8% | 1.4% | ↑ |
| Operational Excellence | Cost-to-income ratio | c.50% | 37.9% | ↑ |
| | Total Costs | €9.4bn | €9.4bn | ✓ Notwithstanding higher-than-expected inflation |
| Capital Excellence | Net-revenue-to-RWA ratio | 5.3% | 8.7% | ↑ |
| | CET1r | 12.5-13% | 15.9% | ↑ |

Read more about our Strategy on **pages 324-335**




Our strong **quality revenue growth** was achieved with discipline. Our best-in-the-industry NII ROAC increased from 4% to 9%, with fees increasing at a 6% CAGR, well ahead of our peers, to 33% of total revenues. The impact of our investments in our factories has just started to show.

Despite high levels of inflation in the countries where we operate, we reduced costs by around €1.7 billion, while reinvesting c.€1.4 billion to strengthen our Group – a testament of our continuous focus on **operational excellence**. As a result, our cost-to-income ratio reached 37.9% notwithstanding our complexity, beating our peers by a significant margin.

We also demonstrated outstanding **capital efficiency**, beating all targets on net revenue to RWA and CET1r. This supported €26 billion of distributions – 65% more than the original €16 billion target – while building excess capital of €6.5 billion (taking €3.6 billion of integration costs and €700 million of additional overlays).

Our 2024 Net Profit is now more than double what we planned in 2021.

This excess capital will enable us to further boost our distributions going forward or provide us with strategic flexibility.

Our RoTE at 17.7% is also significantly ahead of the c.10% UniCredit Unlocked target despite our excess capital.

This performance maintains a balance between achieving excellence in the short-term and establishing a solid foundation for the future. It is proof of the consistency of UniCredit and its people.

Distribution subject to supervisory, Board of Directors and shareholder approvals.

1. Net Profit underlying refers to Net Profit adjusted for integration costs and RCA case. The €4.5bn Unlocked target was referred to «Net Profit after AT1 and cashes coupons», i.e. c.€5.0bn before AT1 and cashes coupons, comparable with the actual FY24 Net Profit at €9.3bn (before AT1 and CASHES coupons).
2. Before considering the impact of strategic investments.
3. vs target CET1r at 12.5-13%.

## Surpassing our peers across all relevant metrics

UniCredit remains a leader in the industry across all KPIs, beating peers by a significant margin. We delivered **the highest** total shareholder return which is four times our European peers[1], **the best** share price performance and **the most generous** distributions, whilst building our excess capital.

We are **beginning the next phase of our journey from a position of significant strength** able to offset the normalisation of the macro environment.

### From Laggard... to Leader

FY24 vs FY21 (Ranking)

**#1** from #9
Net-revenue-to-RWA ratio

**#1** from #8
RoTE @13%

**#1** from #5
Cost-to-income ratio

**#1** from #4
Total Distributions[2]

### Outstanding value generation

FY24 vs FY20 (compared to EU peers)

**4x**
TSR

**c.2x**
Total Distribution growth among the peer group[3]

**5x**
Share price

## Uniquely positioned to deliver true differential value, especially within a more challenging macro environment

While we are realistic with respect to the challenges from a macro environment that will normalise, we believe that we are best placed to deliver the differential value and growth necessary to offset it.

### Prepared for **shifting macro...**

- NII normalisation
- Uncertain European growth outlook
- CoR normalisation
- Inflationary Costs pressure
- Digital Evolution
- Russia compression.

UniCredit is strategically positioned in regions with higher-than-average economic growth, where the banking sector is expanding at an accelerated pace. This provides us with a compelling advantage over our peers to further build on the foundations we've established over past three years and to continue to grow.

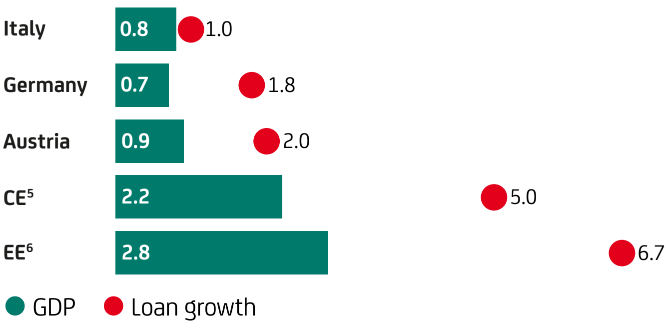
### GDP growth (2022-24)[4]

**GDP growth across our geographic footprint is expected to be approximately 30 basis points higher than the eurozone average.**


1. Peers include BBVA, BNP, Crédit Agricole S.A., Commerzbank, Deutsche Bank, ING, Intesa Sanpaolo, Santander, Société Générale.
2. Actual disclosed distributions accrued to FY24.
3. Considering core EU peers with market cap above €30bn as of 31/12/2024, i.e. BBVA, BNP, Crédit Agricole S.A., Deutsche Bank, ING, Intesa Sanpaolo, Santander.
4. GDP actual up to 9M24; 4Q24 Bloomberg data; FY25 UC scenario, Loans actual up to 2023; 2024 and 2025 UC scenario.

### Loan growth vs. GDP3 (2025) %[4]

**In many of our markets, loan growth is projected to exceed GDP growth, serving as a powerful catalyst for continued top-line expansion.**




5. Excluding Austria
6. Excluding Russia

Furthermore, we have built unique lines of defence including €1.7 billion of overlays to insulate us from the cost of risk cycle. We have also front-loaded non-operating items and extraordinary charges equal to €1.3 billion in 2024 alone which should also trend to zero.

Together with the strength of our transformed Group and our alpha initiatives in flight, these lines of defence will de-risk the achievement of our Net Profit ambitions.

## Unlocking Acceleration in 2025 and beyond

The first phase of UniCredit Unlocked was focused to **unlock trapped potential** – UniCredit has surpassed our own ambitions set at the end of 2021, resetting the bar higher each year. We have moved from laggard to leader in our sector, and are now poised to enter the next chapter of growth.

As we look ahead, we are evolving our Strategy to **Unlock Acceleration** of our performance while completing our transformation. Leveraging our lines of defence, we will build on our **structural strengths** and accelerate our quality growth trajectory through **clear managerial initiatives**.

## The same, evolving Strategy

# UniCredit Unlocked

**Win. The Right Way. Together.**

**Unlocked Potential**
2021 to 2024

Laying the foundations to release our trapped potential.

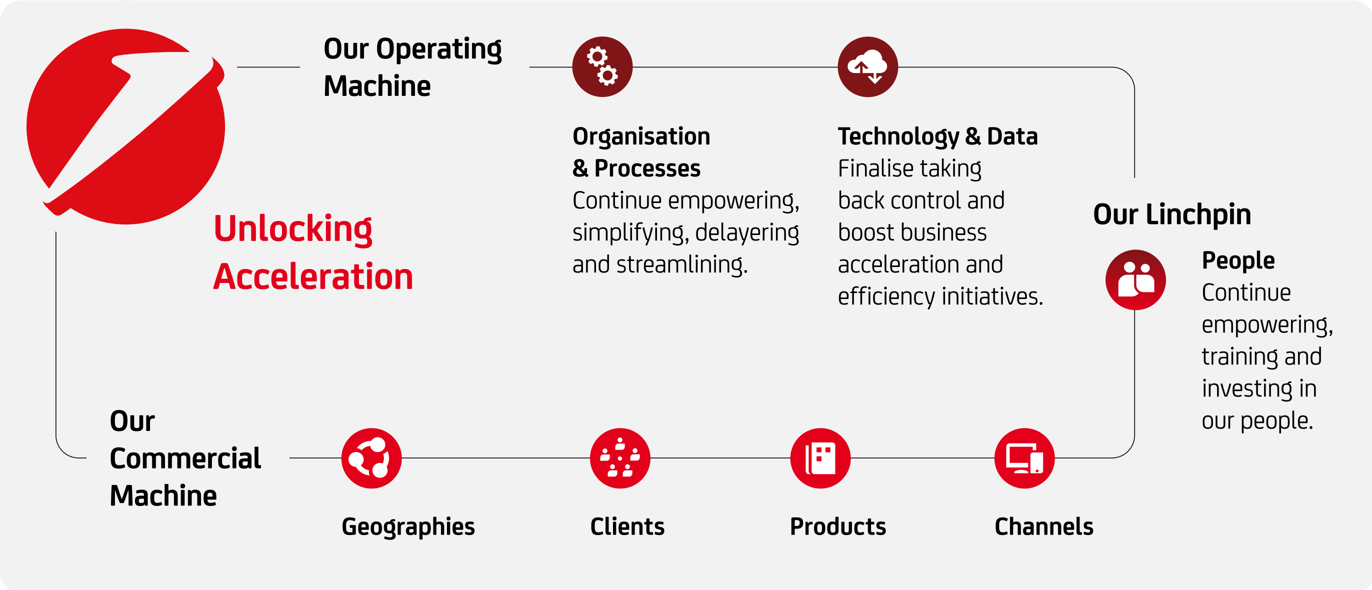
Read more on **pages 334-335**

**Unlocking Acceleration**
2025 and beyond

Building on our structural strengths with new alpha initiatives to widen our competitive gap.

## A new roadmap to navigate as the leading pan-European Bank

We are optimally positioned to execute on this acceleration phase and solidify our position as a leading pan-European bank and a benchmark for the sector. We have strong competitive edge thanks to our unique structural advantages and will build on these through alpha initiatives and investments in our business.




## Leveraging our structural advantages

| Leveraging our structural strengths | | ...with a clear roadmap... | ...to become the Bank that... |
|---|---|---|---|
| Attractive **Geographic Footprint** | **Profitable and diversified franchise**<br>Italy – Quality Earnings Powerhouse<br>Germany and Austria – Resilient Anchors<br>CEE – Profitable Growth Engine | Direct capital allocation and investments to higher growth opportunities | Clients **recognise** and **trust** us as the leading pan-European bank, firmly embedded in our communities |
| Quality **Client Mix** | **High quality base**<br>**c.60%** of revenues in most profitable segments<br>(SMEs[1], Private, Wealth and Affluent) | Increase focus on targeted client segments | Offers clients a **superior** experience with people and banks that **care** and **understand** their needs |
| Superior **Business Mix** | **NII RoAC at 16%**<br>**Fee-to-revenue ratio[2] towards 40%**<br>With above market fee growth driven by **product factories** and superior lending **products** | Enhance product offering and how we grow in high-value segments | Offers clients **best-in-class** products for all their business and individual needs |
| | Connecting clients with superior integrated distribution **channels** offering them choice and flexibility | Move towards an omnichannel offering | Offers clients the flexibility to access **when**, **where** and **how** they want |

1. Including Microbusiness in SMEs.
2. Fees including insurance results.


## Alpha initiatives

Alongside our structural strengths, our targeted alpha initiatives will drive our quality growth over the next three years.

This exciting organic growth, together with the results of our transformation, will allow us to absorb expected future headwinds in full, and significantly grow without diluting profitability.

## Our exciting story: the emergence of our true differential value

We aim to achieve c.€10 billion of Net Profit by 2027, and to distribute in each of the next three years[1] more than in FY24: of which cash dividends at 50% of Net Profit.

This is supported by a greater than 17% RoTE, an average organic capital generation broadly in line with Net Profit, and the return of our excess capital[2].

We continue to target strong EPS and DPS growth.

This will result in six years of improving performance and growth at an increasing margin over our cost of equity, which, coupled with an outsized yield, should also lead to a significant re-rating of our stock.

**We are excited about the challenge and determined to meet it.**

1. Subject to inorganic opportunities and delivery of financial ambitions.
2. vs target CET12 12.5-13%.

# Our
# ESG Strategy

## Our ESG Foundations

### At UniCredit we are committed to embedding Sustainability in everything we do

We lead by example, which is why ESG (Environmental, Social and Governance) is at the heart of our strategic framework. Our Purpose is to Empower Communities to Progress, guided by three Principles:

> Holding ourselves to the highest possible standards to do the right thing by our clients and our communities
> Being fully committed to playing our part in supporting our clients in a just and fair transition
> Respecting and balancing the perspectives and priorities of all our stakeholders throughout our business and decision-making.

**Strengthening our ESG business proposition**

Read more on **page 380**

1

5

**Promoting ESG awareness across our organisation and beyond**

Read more on **page 390**

Over recent years, **we have built strong ESG foundations by:**

2

**Advancing a distinctive social approach with tangible results**

Read more on **page 382**

3

**Ensuring a just and fair transition through clear commitments**

Read more on **page 384**

4

**Guaranteeing accountability and transparency, along with a robust risk framework**

Read more on **page 388**

# 1 Our strengthened ESG business proposition

## **Enhanced** ESG business functions:

- Dedicated ESG Advisory team, complemented by industry specialists
- Local ESG teams providing technical support across the Group.

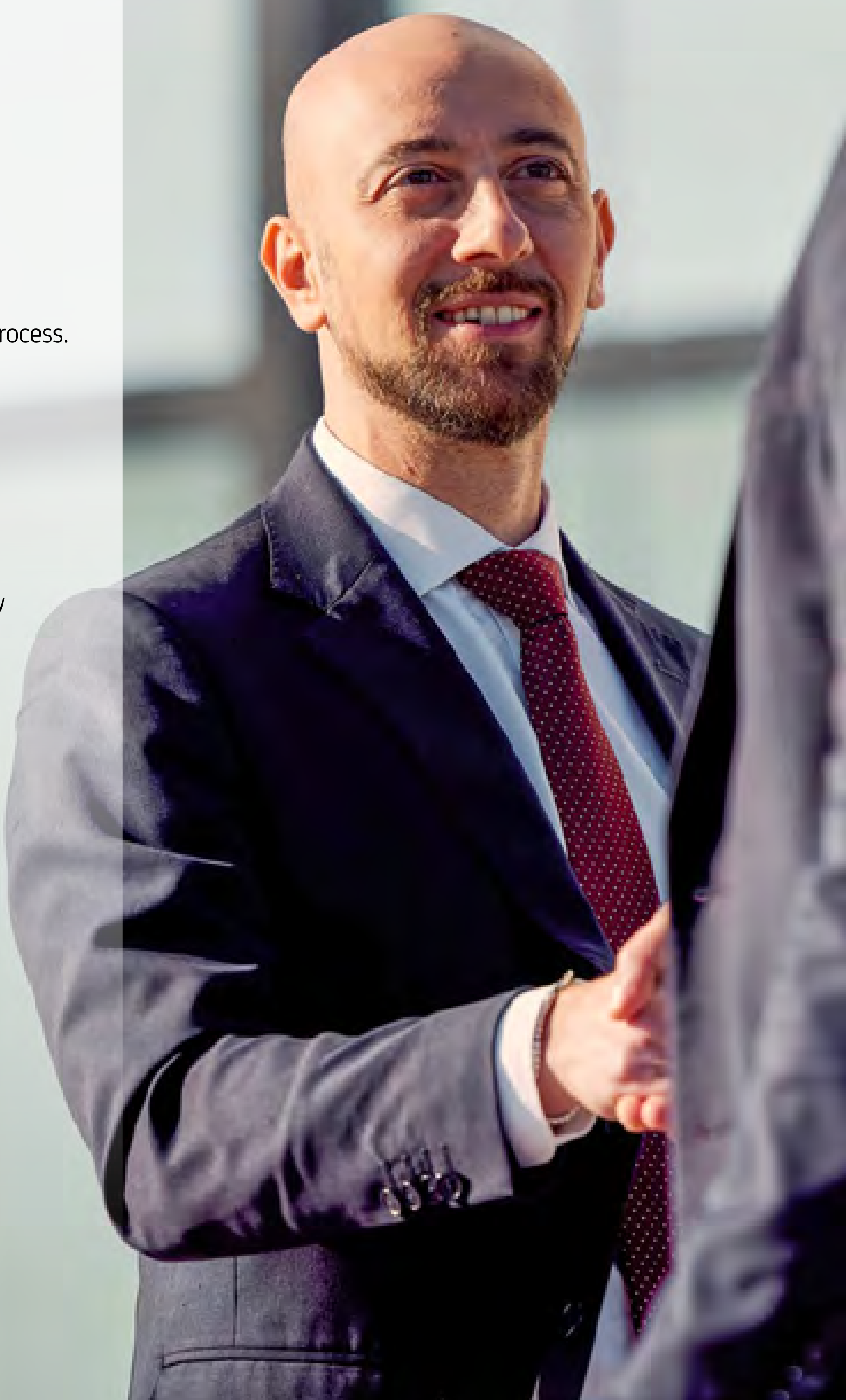
## **Enriched** ESG client offerings:

- ESG-focused products
- ESG factors integrated into the credit process.

## A **supporting** ESG ecosystem of strategic partners:

- Open-es to assess clients' ESG maturity and develop tailored plans
- Regional partnerships in specific sectors (e.g., real estate).

Read more about our **ESG Strategy**



Our ESG offer

## Open-es

In March 2023, we partnered with Open-es to better support our clients in measuring and improving their ESG performance.

**Open-es unites entrepreneurs, financial institutions and associations through an innovative digital platform.**

22
**Partners**

29,000
**Companies**

Launched in 2021 and involving more than 29,000 companies and 22 partners, Open-es is an **inclusive and collaborative ecosystem** committed to achieving ESG targets and implementing innovative solutions. In this alliance, our role as a **value-chain leader partner** is to facilitate the **sustainable development of the Italian corporate sector** with initiatives and solutions aimed at companies of every size.

Our ESG offer

## Supporting Italian companies with “Finanziamento Futuro Sostenibile Plus”

We want to **support companies committed to improving their sustainability profile** through dedicated financing tied to tailored Sustainability objectives – based on a company’s Sustainability and transition strategy.

In Italy, thanks to our partner, **Cerved Rating Agency**, our new product, Finanziamento Futuro Sostenibile Plus, also offers a free and fast ESG assessment through the Open-es platform.

## Financing the transition with “Transizione 5.0”

UniCredit has allocated a **new €5 billion plafond to support companies taking part in “Transizione 5.0”**, a public initiative offering tax credit for energy efficiency projects.

**This allocation is part of the third edition of “UniCredit for Italy”, our broader programme supporting families, individuals and businesses since 2022.** With this new fund, the total amount made available to Italian companies in 2024 has reached €15 billion, for a total value of €35 billion earmarked for individuals and businesses since 2022.

€15bn
**Increased funding available to the Italian production system**

# 2 A **distinctive social approach**

## Social finance

We have a suitable, accessible, fair, and equitable (SAFE) financial offer:

> We developed new **social products**, **tailored to local needs**, including Futuro Sostenibile Sociale, UniCredit per l'Italia and UniCredit for CEE, and **two new current accounts**, Imprendo Sociale and Imprendo Sociale Più, for non-profit organisations

> We signed **partnerships** in the social sector.

## Direct social contribution

We support communities through social projects and donations:

> We contribute to **youth and financial education**, through initiatives such as the Banking Academy in Italy and UniCredit Foundation programmes (Teach for All, Junior Achievement) across the Group

> We promote **volunteering initiatives**, encouraging our employees to directly support their communities.

## Support to employees

We promote flexibility, well-being and people care, enhancing Diversity, Equity and Inclusion (DE&I):

> **We foster** a culture of continuous learning through initiatives such as Culture Bootcamps, mentoring programmes, reskilling opportunities, and well-being workshops

> **We cultivate** an inclusive and diverse workplace through employee networks, bias-free processes and equal opportunities

> **We prioritise** employee well-being and quality of life through initiatives such as "Ask for Help" resources, flexible working arrangements, mental health awareness activities, prevention programmes, and local welfare benefits.

Caring for our people

# Holistic well-being approach

Our commitment to well-being is embedded in our Caring culture and ESG framework.

In February 2024, we introduced a Group holistic approach to support our colleagues across all stages of their lives, integrating **mental, physical, social, career, and financial well-being** into daily practices.

We mapped 365 well-being initiatives across the Group – one for each day of the year. We gave access to **dedicated courses and an interactive guide with practical tips and suggestions**, empowering each of us to take charge of our own well-being journey.

Additionally, we trained c.40 internal well-being trainers and delivered well-being workshops across the Group.

Recognising our efforts, UniCredit has been awarded **Diversity and Inclusion Initiative of the Year EMEA 2024** in the influential magazine Environmental Finance's annual Sustainable Company Awards for its "**Group holistic well-being approach**".

365
**Well-being initiatives**

c.40
**Internal well-being trainers**

# 3 Clear commitments to support a just and fair transition

**In 2019:**
**Signed the UNEP FI Principles for Responsible Banking (PRB)**, which support banks in aligning their business strategy with society's goals and promote financial inclusion.

2019

2021

**In 2021:**
**Became a member of the Net Zero Banking Alliance**, with a clear commitment to reduce emissions of our lending portfolio.

**In 2022:**
**Signed the Sustainable Steel Principles**, a climate-aligned finance agreement for the steel industry.

2022

**In 2022:**
**Joined Finance for Biodiversity Pledge (FfBP) Foundation**, the only international pledge dedicated to financial institutions, calling on global leaders to protect and restore biodiversity through their finance activities.

2024

**In 2022:**
**Became a member of the Ellen MacArthur Foundation**, an international charity that supports the acceleration of the circular economy across our countries.

May · Group

# Launch of our **Statement on Natural Capital and Biodiversity**

In May 2024, we published our Statement on Natural Capital and Biodiversity. This new statement represents UniCredit's first comprehensive Natural Capital Framework, in which biodiversity and climate issues are interconnected.

Alongside our Net Zero targets and Transition Plan, our Natural Capital Framework also considers the circular economy as a key lever for change. We have already addressed nature-related issues, including adopting the Equator Principles and publishing policies on sensitive sectors alongside commitments on human rights.

Our first step for our Natural Capital Framework was to evaluate sources, methodologies and frameworks to effectively address key challenges related to biodiversity and nature, in coherence with the Kunming-Montreal Global Biodiversity Framework.

We then developed a sector-level heatmap of our loan portfolio, to assess which sectors are most exposed to nature-related risks by gauging their impact on nature.

Finally, we have set up a specific training programme to build awareness around the emergent topics of biodiversity and nature, which will be available to all employees in 2025.

We engage with the circular transition by integrating circular economy considerations into our business operations, alongside climate-related initiatives. We were the first Italian bank to have signed up to the Finance for Biodiversity Pledge (FfBP), calling for and committing to taking ambitious action on biodiversity to reverse nature loss in this decade through collaboration, engagement and assessing our own biodiversity impact.

In addition, we are a member of the Working Group on Nature within the United Nations Environment Programme Finance Initiative (UNEP FI), related to Principles for Responsible Banking (PRB). We are the only Italian bank to have contributed, together with 34 international banks, to the publication of the 'PRB Nature Target Setting Guidance', which aims to help the banking sector align with the Kunming-Montreal Global Biodiversity Framework and halt biodiversity loss.

November · Hungary

# UniCredit supports investment in **sustainable animal feed production**

UniCredit has provided a development loan of €8.3 million to Agroloop, a Hungarian business that produces animal feed components using insect farm technology.

Part of an investment signed with the European Investment Fund's InvestEU Sustainability guarantee, the innovative greenfield finance totals €28 million and includes a bank guarantee of €1.5 million.

Agroloop is one of the SMEs supported by UniCredit Bank Hungary as part of our UniCredit for Enterprises service. The funds will be used to develop Agroloop's technology and expand production at the region's most significant insect farming and processing facility on the outskirts of Budapest. Approximately 60 tonnes of feedstock is processed here daily.

Agroloop's approach to sustainable animal feed production is a sustainable, circular model, using food industry by-products in the form of organic waste from the bottom of the feed value chain. It creates high value-added, premium quality feed protein, feed oil and soil improver compost that minimises emissions and has a reduced environmental impact.

The process uses black soldier fly larvae to recycle feed-grade food industry by-products with minimal water and soil use. It can use 30% of the world's food production, which would otherwise go to waste, and is pioneering sustainable animal feed production in the Hungarian market.

Our commitment to Net Zero

## Promoting sustainable steel in Germany

UniCredit acted as Mandated Lead Arranger and lender of the SACE-covered green loan financing for steel producer Salzgitter Group.

- The transaction contributed to the financing of its **€2.3 billion decarbonisation project SALCOS®**, to convert its blast furnace steel production to DRI and electric arc furnaces powered by green electricity and green hydrogen.
- Once completed in 2033, SALCOS® will enable a **95% abatement of Salzgitter Group's $CO_2$ emissions in steel manufacturing**, reducing Germany's aggregate $CO_2$ emissions by around 1%.
- The financing facility was among the **first ECA-covered Corporate Green Loans in the steel sector** worldwide and the first in Germany.

## Fostering energy-efficient real estate in Italy

UniCredit has financed a number of projects in the commercial real estate sector.

One of these involves **Coima Group** and is related to P39, a real estate office and residential complex located in Milan. It applies the **most effective sustainable building practices with constant focus on energy saving**, allowing the building to meet the Nearly Zero Energy Building standard.

# 4 **Full accountability and transparency,** along with a robust risk framework

We set a **comprehensive policy framework** to manage environmental and social risks in controversial sectors, such as Coal, Oil & Gas, Human Rights and others.

We keep integrating **climate and environmental factors** into **our risk management processes and procedures**.

We continue to enhance our **ESG Product Guidelines** ensuring homogeneous classification and reporting of our ESG financial offer, to prevent greenwashing and social washing risks.

We provide disclosure on our ESG activities, through **reports in line with sector guidelines and recommendations**.

November Bulgaria

# UniCredit Bulbank uses **75% green energy**

UniCredit Bulbank has signed a new three-year contract to accelerate its renewable energy use and significantly reduce its carbon footprint.

It will now purchase electricity from a photovoltaic power plant, so around 75% of the bank's total energy consumption will be from green energy generation.

Bulbank will purchase green energy monthly, with an annual supply of 7,000 MWh. The origin of the energy purchased will be guaranteed in the form of certificates from the Sustainable Energy Development Agency (AUER).

The new agreement encompasses all of the bank's locations across Bulgaria, except for some leased premises where electricity is invoiced by the landlord.

This partnership aligns with UniCredit Group's goals. We were the first bank in Italy to commit to a corporate power purchase agreement (PPA) with a green energy producer. UniCredit Bulbank is a pioneer within the CEE region, following Italy in signing a corporate PPA and reflecting the Group's commitment to Sustainability and green energy solutions.

Other Sustainability initiatives from UniCredit Bulbank include:

> Installing photovoltaic panels on the roof of Sveta Nedelya. In the first seven months of operation, they produced 23 MWh of electricity.

> Replacing its fleet with hybrid cars. Since the beginning of 2024, 26 more hybrid cars have been delivered, and 40% of its fleet is now made up of electric and hybrid cars.

> Installing additional charging stations in the Central Office garages. Up to eight cars can now be charged simultaneously.

# 5 Promoting ESG awareness

Our flagship initiative is our ESG Day. At this popular and eagerly-awaited event – involving employees and clients – we brainstormed on key ESG-related issues and potential solutions, as well as developing concrete actions.

**We considered topics such as:**

- **How do we resolve relevant trade-offs?**
- **How can we prioritise social issues in our approach?**
- **How can we better support our ESG-focused clients?**


Success story

# **ESG Day 2024** tackles pressing challenges head-on

UniCredit's second ESG Day emphasised the urgency of addressing critical social and environmental challenges and **the need for collective action and behavioural change** to create a sustainable future, for a just and fair transition.

ESG Day 2024, centred around the theme "A challenged future: choosing the path ahead", **putting clients at the centre** and designing a customer journey to define concrete actions to solve trade-offs and open points.

It included a **live event** at the UniCredit Tower Hall in Milan with corporate clients and strategic partners. In parallel, local side events in various countries included colleagues and external guests joining the main event via live streaming, into four languages of the Group countries (Italian, Bulgarian, Hungarian and German) and broadcasted in English. We also broadcasted externally on LinkedIn and Facebook.

13,243

**Total number of participants vs first edition**
+9%

**Success story**

## Panels and key takeaways

### A zero-sum game?
Solving Sustainability trade-offs

> Manage conflicting interests as part of the transition, with balancing act between environmental, social and biodiversity issues

> No silver bullet for this difficult situation; firms will have to take a nuanced approach, drive gradual progress with clear governance

> Be realistic about what is being sacrificed for what.

### The social dilemma:
how climate change and technology are reshaping society

> Recognition of the "S" component as a fundamental lever for a just and fair transition

> Eco-anxiety can be channelled into concrete community actions to build resilience. Companies must define clear ecological values reflecting those of their workers.

> AI is an amplification of thinking to find solution to the social and environmental challenges.

### The way forward:
from responsibility to response-ability

> Importance of fostering more sustainable ways of doing business

> Examples included service providers tracking consumer behaviour and offering rewards, same approach could be applied to investors, with creditors who contribute to a company's Sustainability goals earning a better return.

**The crucial nexus between climate and nature**
Following the second panel, the Head of Biodiversity and Natural Capital at Iberdrola and Convener of the Nature Positive Initiative discussed the connection between **climate and nature**.

Key takeaways from the double interview were that the world agreed at COP15 to halt and reverse nature loss, putting nature onto international agendas. **The financial sector's wider presence signals increasing attention.**

**Moving ESG discussions forward**
The Group ESG team, with support from UniCredit Group Investment Strategy and Group Stakeholder Engagement launched a white paper on the need to tackle issues faced by society and the environment. "A challenged future: choosing the path ahead" provides context and insights into key topics, including the effects of the green transition on society and how financial institutions and corporate clients can play their part.

407

**Number of downloads**

Everyone has a part to play in saving our planet – clients, colleagues, competitors, governments and other influential bodies and organisations. We change our behaviour if we stand up together and make a concerted effort.

Read more about our ESG Day 2024, **here**

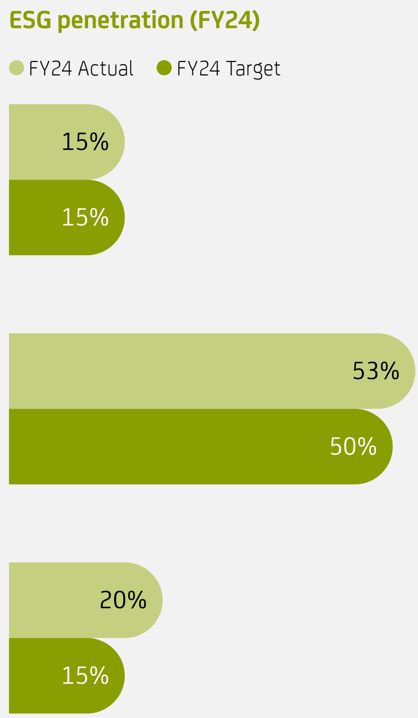
# Our progress to date

## In 2024 we fully achieved our ESG targets across products

### From ESG volumes to ESG penetration

Focus on ESG share over total business for a more transparent view on UniCredit's ESG performance.

Three indicators netting out overall market effects unrelated to ESG.


**ESG lending[1]**
Good performance on environmental lending with €26.9bn, while outperforming on social lending with €13.2bn since January 2022.

**ESG Investment Products[2]**
Positive year with improved ESG penetration rate at 53% (c.€106bn stock) at FY24 vs 48% at December 2023.

**Sustainable Bonds[3]**
Good performance with €32.9bn issuance since January 2022 with focus on Corporates and Financial Institutions in alignment with Group Strategy.

## Environment

Sustainable financial instruments and Net Zero commitments.

Read more **on page 395**

## Social

Social financing for initiatives in our communities.

Read more **on page 396**

## Governance

ESG-aligned remuneration, solid DE&I framework.

Read more **on page 397**

1. KPI calculated as ESG new production Including Environmental, Social and sustainability-linked lending, divided by MLT loans new production in given year.
2. Based on Art. 8 and 9 SFDR regulation.
3. LT Credit. KPI calculated as ESG all regions' bonds, including Sustainability-linked bonds, divided by all regions' bonds for given year.

# Environment

We advanced our sustainable financial instruments, reaching a total of €26.9 billion in cumulative green lending since January 2022

**11**
**Green Bonds issued**

**€6.5bn**
**Total amount of financing from Green Bonds**

**2030**
**New targets set for key carbon-intensive sectors**

---

**We issued 11 Green Bonds, totalling €6.5 billion in financing:**

**Senior Green Bonds**

**3** (Jun 21, €1bn; Nov 22, €1bn; Nov 23, €0.75bn)

**Green Mortgage Covered Bonds**

**2** (May 22, €0.5bn; Sep 22, €0.5bn)

**3** (May 22, €0.5bn; Feb 23, €0.75bn; Jan 24, €0.75bn)

**2** (Sep 21, €0.06bn; Sep 23, €0.047bn)

**1** (Jun 23, €0.5bn)

**In 2024, we continued to turn our Net Zero commitment into action:**

**We disclosed our first Transition Plan**, which outlines the implementation of key enablers to embed Net Zero into our organisation for the three priority sectors.

**We set new 2030 targets for key carbon-intensive sectors** (Steel, Shipping, Commercial Real Estate), and defined an emissions baseline for Residential Real Estate.

**We extended our Net Zero Transition Plan deliverables** (e.g., client clustering, supporting tools) to the new sectors for which the targets have been disclosed.

Read more on Net Zero in **E1 Climate change** in our **Sustainability Statements**

# Social

## Since 2022, we have provided €13.2 billion in social financing via micro-credit, impact financing and lending to disadvantaged areas

**€35bn**
**UniCredit per l'Italia, including +€5bn credit "Piano Transizione 5.0"[1]**

**€155m**
**Issued in our own social bond**

**€78.1m**
**Funding for social contribution[2]**

**€30m**
**Enhanced funding to UniCredit Foundation**

**c.15,000**
**hours dedicated to volunteering by our colleagues**

**>700,000**
**Financial education beneficiaries reached**

Our efforts included local initiatives to support communities such as UniCredit per l'Italia, adding up to €35 billion (including additional €5 billion to support corporates with "Piano Transizione 5.0")[1].

We also joined the Venice Sustainability Foundation to promote local Sustainability and issued a €155 million social bond to support communities.

In 2024, our social contribution[2] rose to €78.1 million (€60 million in 2023), of which in 2024, €30 million was allocated to UniCredit Foundation (€20 million in 2023). Around 50% of our social contribution is dedicated to youth and education.

Since 2022 we have invested in financial education and ESG awareness initiatives, reaching over 700,000 financial education beneficiaries across our countries, focusing on priority targets such as the young, women and vulnerable individuals. In 2024, we launched our **Skills for Transition** programme to deliver training to young people and businesses that are expected to be the most affected by climate change.

1. As of 31 December 2024.
2. Gross monetary amount paid in support of communities and projects, including Sponsorship & Donation.

## Governance

CEO and top management remuneration saw a **20% weighting of long-term performance related to ESG business**, DE&I and climate risk priorities. Furthermore, a relevant link to Group's Values and Culture – "Winning. The Right Way. Together" goal – is also part of the short-term scorecard."[1]

**+1,500**
**Colleagues across the Group part of Culture Network**

**+1,000**
**Active members in our Employee Networks**

### In 2024:

- **7** Culture Roadshows were held reaching **3,000** colleagues across the Group's Countries
- c.20,000 colleagues joined Annual Culture Day Group-wide
- In the context of our well-being framework:
  - **365** initiatives mapped across the Group
  - **c.40** internal trainers trained to deliver dedicated workshops
  - Dedicated courses and an interactive guide with practical tips and suggestions are available to every employee in our Group
- Raised ESG awareness through dedicated training sessions and our second ESG Day
- Over 1,000 active members in our Employee Networks, focused on various diversity traits across the Group
- Significant share of women in our governing bodies and leadership teams (as of 4Q24):
  - 50% Board of Directors
  - 50% Group Executive Committee
  - 34% Leadership Team
- Strong international presence (as of 4Q24 36% BoD, 67% GEC, 38% Leadership Team).

1. 20% of our CEO's short-term scorecard.

### Strengthening internal processes and collaboration for our CSRD aligned reporting

Transitioning to Corporate Sustainability Reporting Directive (CSRD) compliant reporting required a significant enhancement of our internal systems, processes, and capabilities. In 2023, a joint ESG and CFO working group analysed requirements and created a 2024 adaptation plan.

We invested in enhanced data collection, analysis, and reporting, leveraging automation for efficiency and risk reduction. Extensive cross-functional collaboration, including senior management oversight, ensured accurate identification and reporting of key Sustainability topics. Close alignment with local legal entities across our operating countries guaranteed consistent compliance.

This commitment underscores our dedication to Sustainability, transparency, and accountability, establishing a strong foundation for continuous improvement.

# Going forward: evolving our ESG Strategy

## UniCredit's evolving **ESG Strategy** supports our Purpose of Empowering Communities to Progress

It is based on strong fundamentals and a set of interrelated elements to deliver value. Guided by our Principles, we implement key enablers required to support strategic levers, which in turn allow us to achieve the ESG goals underlying our ambition. This interconnected framework ensures alignment and cohesion across all ESG initiatives, maximising our impact.

Read more on each element of our ESG Strategy, in section "**SBM-1 Strategy, business model and value chain**" **of our Sustainability Statements**

Our Principles-based approach, aligns with our Group Values and guides our actions, enabling us to embed Sustainability in everything we do. It also allows us to continuously adapt our ESG Strategy to a changing external environment, address regulatory expectations, rising geopolitical tensions and evolving customer needs.

In this context, **we have evolved our ESG strategic framework** to ensure it includes all key enablers and levers needed to effectively support our communities. The key changes are:

### Goals

- Updated ESG business targets with a focus on ESG penetration for transparent performance tracking
- Integrated Net Zero emissions targets into ESG goals.

### Levers

- Broadened social focus to address new challenges like an ageing population.

Read more in the dedicated section **Strengthening Our Social Focus**

- Elevated Net Zero from commitment to action to support clients' transition
- Expanded focus beyond climate to assess nature-related risks and opportunities
- Prioritised transparency to inform stakeholders and mitigate green and social washing risk.

### Enablers

- Enhanced client offerings with ESG-related products to support their transition
- Lean governance to embed Sustainability efficiently across roles
- Dedicated ESG risk framework to bolster strategic levers
- Leveraged organisational Culture to engage employees in ESG implementation.

## Our ESG penetration targets

We updated our ESG penetration targets on total business volumes for 2025-2027

| 15% | 15% | 50% |
| --- | --- | --- |
| **ESG lending** | **Sustainable bonds** | **ESG investment products**[1] |

1. Based on Art. 8 and 9 SFDR regulation.

## Ambition

**Leading by example**
Fulfilling our Purpose of Empowering Communities to Progress.

## Goals

**Evolving in step with regulation and market forces**
ESG penetration targets allowing for a more transparent and meaningful view on our ESG performance while also aligning our lending portfolio with Net Zero emissions by 2050.

## Levers

**Championing Social**
Backing our communities, our people and our wider society.

**Enhanced Client Support**
Leveraging Net Zero Strategy and Transition Plan.

**Beyond Climate**
Weighing and evaluating natural capital risks and opportunities.

**Evidencing Accountability**
Providing transparency in disclosure and impact assessment.

## Enablers

**Enriched Client Offering**
Expanding and diversifying our ESG business portfolio.

**Lean Governance**
Clear ESG roles and responsibilities, embedding agency and ownership.

**Robust Framework**
Effective and enhanced monitoring of our ESG risk and lending portfolio.

**Empowered Culture**
Common Vision, Strategy, and Principles to Win. The Right Way. Together.

**Our Principles guide our ESG Strategy, in line with our Group Values.**

# Strengthening our Social Focus

We are adapting our social strategy to reinforce our efforts on youth, education and on a just and fair transition, while exploring new emerging social topics like health – an increasingly important issue in the context of an aging population

The evolving strategy includes fulfilling our social role through social finance with projects supporting youth and balancing environmental and social risks.

We are also exploring how we can best support our communities in addressing emerging social challenges, such as health. We continue to support our communities through social contributions, focusing on education, financial inclusion, and expanding our **Skills for Transition** programme. We will support our people by fostering a learning culture, building an inclusive and diverse workplace and ensuring well-being and quality of life.

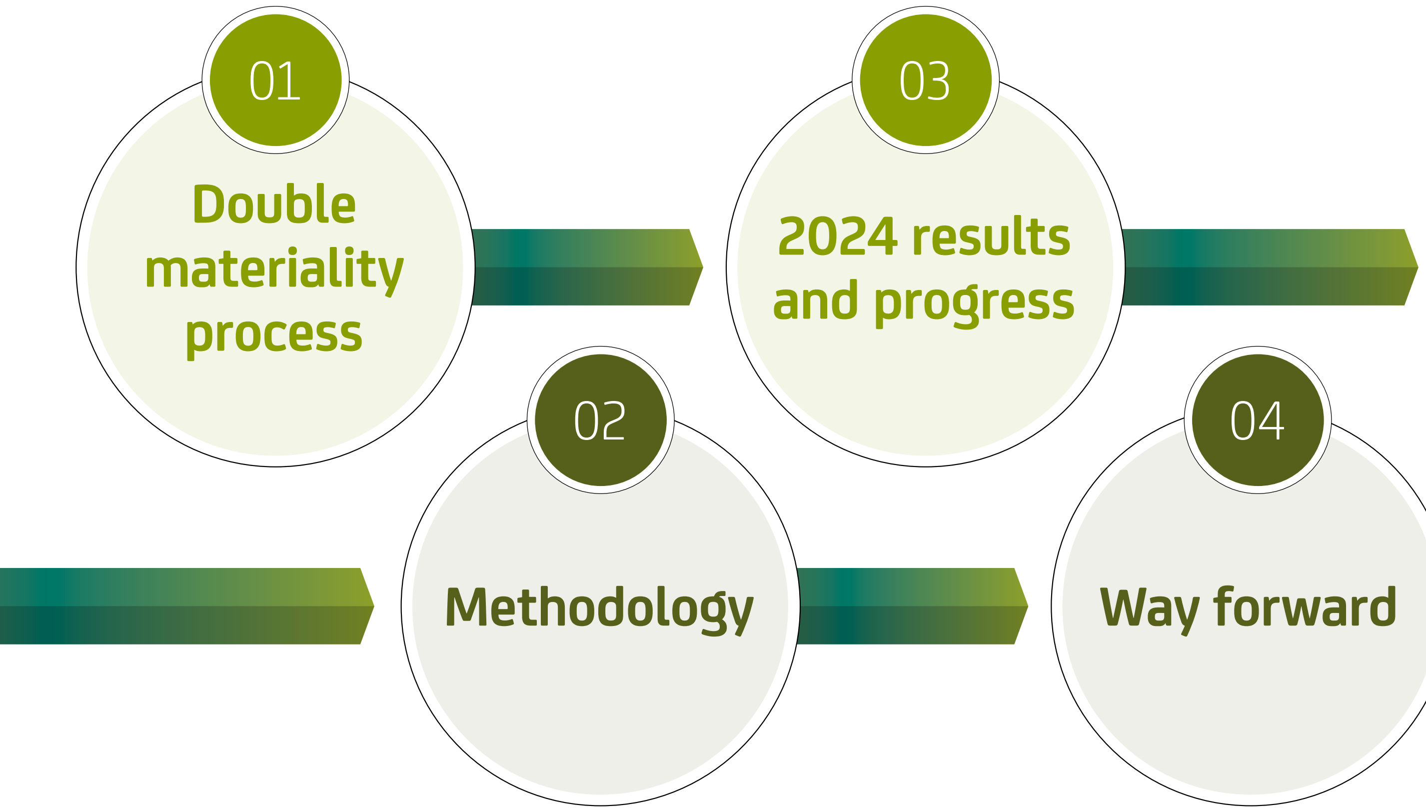
Read more about our Skills for Transition programme **here**

# Double Materiality Analysis

**Our strategic approach**

Every year, we conduct a materiality analysis to identify key stakeholder issues, including business impacts, risks, and opportunities (IROs) across ESG matters

In 2024, we performed our first Double Materiality Analysis (DMA), considering both impact and financial materiality to gain a comprehensive ESG perspective.



01

## Double materiality process

As part of the EU Corporate Sustainability Reporting Directive (CSRD), our double materiality process integrates into UniCredit Group's due diligence system.

> Impact materiality assesses a business's potential or actual impacts on people and the environment, considering severity and likelihood
> Financial materiality evaluates risks and opportunities affecting economic performance.

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## Methodology

For our 2024 DMA, we:

> Engaged internal and external stakeholders to identify material topics
> Assessed materiality through top management and Group Risk Management
> Informed the Board and finalised key issues

Read more about our **methodology in section ESRS 2 General information of our Sustainability Statements**

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## 2024 results and progress

Our DMA identified material impacts, risks, and opportunities, strengthening financial oversight. The Group Executive Committee plays an active role, and findings will guide policy and target improvements.

Read more about our **List of Material IROs in section SBM-3** – Material impacts, risks and opportunities and their interaction with Strategy and business model of our Sustainability Statements.

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## Way forward

We are refining our governance framework to align with CSRD requirements, ensuring Sustainability is fully integrated into strategic oversight.

# About our **Sustainability Statements**

This year, we present our Sustainability Statements, which we have prepared in alignment with the new Corporate Sustainability Reporting Directive (CSRD)

**The CSRD introduces a new era of Sustainability reporting, emphasising greater transparency, standardisation and accountability in how organisations report on their environmental, social and governance (ESG) performance and impacts.**

In previous years, we used the Global Reporting Initiative (GRI) standards to disclose our material topics in our Integrated Report. In 2024, we have made significant efforts to ensure our Sustainability Statements comply fully with CSRD requirements, in particular their emphasis on double materiality. We have undertaken an extensive double materiality assessment to identify the most pressing ESG issues relevant to our business and stakeholders. This process included aligning with the European Sustainability Reporting Standards (ESRS), which serve as the foundational framework for the CSRD.

Additionally, we have incorporated quantitative performance metrics, detailed qualitative narratives and forward-looking commitments, enabling readers to gain a deeper appreciation of our progress, challenges and ambitions.

As a result of this new section, **UniCredit will no longer publish a separate Integrated Report**.

While meeting CSRD requirements is a regulatory necessity, we view this as a broader opportunity to drive value creation for all stakeholders, build trust, enhance our reputation and strengthen our position as a responsible and forward-thinking organisation. Furthermore, the CSRD framework provides us with a roadmap to assess and mitigate risks related to critical ESG challenges, ensuring that we remain resilient and competitive in an evolving global landscape.

Read more on the actions, impacts and aspirations set out in these Statements as we advance toward a more sustainable tomorrow.

Empowering
Communities to Progress.

UniCredit