



Setting the benchmark for excellence

2025

Half-Yearly Financial Report
as at 30 June 2025

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Disclaimer

This edition of our half-yearly financial report is prepared for the convenience of our English-speaking readers. It is based on the German original, which takes precedence in all legal respects.

Financial Highlights

Key performance indicators

	1/1-30/6/2025	1/1-30/6/2024
Net operating profit	€1,734m	€1,554m
Cost-income ratio (ratio of operating costs to operating income, based on segmented income statement)	36.8%	38.7%
Profit before tax	€1,728m	€1,574m
Consolidated profit	€1,161m	€1,067m

Balance sheet figures/Key capital ratios

	30/6/2025	31/12/2024
Total assets	€295,655m	€290,230m
Shareholders' equity	€19,285m	€19,893m
Common Equity Tier 1 capital ¹	€15,550m	€15,733m
Core capital (Tier 1 capital) ¹	€17,250m	€17,433m
Risk-weighted assets (including equivalents for market risk and operational risk)	€69,427m	€66,168m
Common Equity Tier 1 capital ratio ^{1,2}	22.4%	23.8%
Core capital ratio (Tier 1 ratio) ^{1,2}	24.8%	26.3%
Leverage ratio ^{1,3}	5.5%	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

	30/6/2025	31/12/2024
Employees (in FTEs)	8,745	9,052
Branch offices	303	349

Corporate Structure and Business Model

Legal corporate structure

UniCredit Bank GmbH (HVB), 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. UniCredit has held 100 percent of the shares in HVB since 15 September 2008.

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 beschränkter 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

At the Annual Shareholder Meeting of HVB on 25 March 2025 the shareholder representatives of the Supervisory Board were newly elected as part of the regular rotation schedule with effect from the end of that Shareholder Meeting.

The following were elected as new members of the Supervisory Board (shareholder representatives) of HVB: Mr Marcus Kramer and Ms Angelika Plauk. The previous Supervisory Board members Mr Andrea Orzel, Dr Bernd Metzner, Ms Sabine Heimbach and Ms Fiona Melrose were re-elected for a further term of office.

Furthermore in line with the provisions of the German Act on the Codetermination of Employees in a Cross-border Merger (Gesetz über die Mitbestimmung der Arbeitnehmer bei einer grenzüberschreitenden Verschmelzung – MgVG) and as part of the regular rotation schedule, Ms Tanja Münchrath and Ms Lisa Wolf were elected as new members of the Supervisory Board (employee representatives); Mr Florian Schwarz, Ms Claudia Richter, Mr Oliver Skrbot and Mr Christian Staack were re-elected for a further term of office. Their term of office also began on 25 March 2025 with effect from the end of the Annual Shareholder Meeting.

Dr Michael Diederich, Ms Sabine Eckhardt, Ms Sonia Nassar and Mr Gregor Völkl resigned from the Supervisory Board of HVB with effect from the end of the Annual Shareholder Meeting on 25 March 2025.

Executive Board

There were no changes in the members of the Executive Board in the first half of 2025.

The members of the Supervisory Board and Executive Board of HVB are listed in the Notes to the Consolidated Financial Statements of this Half-yearly Financial Report in the notes “Members of the Supervisory Board” and “Members of the Executive Board”.

UniCredit Unlocked

We will continue to follow the guidelines of our UniCredit Unlocked strategic plan in the 2025 financial year. This multi-year plan is embedded in the UniCredit Unlocked group-wide strategic plan. After completing the first phase of our strategic plan with a focus on efficiency, we are pursuing growth in selected customer segments in the second phase, combined with an efficient service model and the creation of a unique customer experience.

Trading Engine Centralization

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.

From July 2024, bond and interest rate derivatives transactions were transferred to UniCredit S.p.A. in a first tranche. At the same time, the employees entrusted with these switched from HVB's 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, HVB's brokerage team in Milan switched to UniCredit S.p.A.

In the first half of 2025, foreign currency trading transactions were transferred to UniCredit S.p.A. in a third tranche. This took place on schedule. The remaining portfolio will be transferred successively in the second half of 2025 and in the 2026 financial year in parallel with the necessary 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.

The scope of consolidation of HVB Group was reduced by a total of seven companies as at 30 June 2025 compared with year-end 2024. The two subsidiaries UniCredit Leasing GmbH, Hamburg, and UniCredit Leasing Finance GmbH, Hamburg, were merged with UniCredit Bank GmbH (HVB) in May 2025.

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

Economic growth ¹	First half 2025 ²	Full year 2024	Main drivers of development in the first half of 2025 ³
Global economy	2.7%	3.3%	Higher US tariffs and geopolitical uncertainties tended to weigh on the global economy. Volatility on financial and foreign exchange markets was high due to US President Trump's erratic tariff policy. Inflation rates in the US and the eurozone declined somewhat in the course of the first half of the year. However, the Federal Reserve kept its key interest rate unchanged.
Eurozone countries	1.5%	0.9%	The economy in the euro area grew in the short term, mainly due to effects from accelerating exports to the US before the US tariff hikes. The ECB lowered its key rate further.
including: Germany	0.3%	(0.5%)	The German economy was also able to benefit in the short term from accelerated exports to the US before the US tariff hikes but slowed down again afterwards. The loss of jobs in the industrial sector was largely offset by an increase in jobs in the services sector. Signs of a bottoming out in the construction sector were increasing.
USA	2.3%	2.8%	Compared to the eurozone, the US economy held up better, not least thanks to comparatively robust investment and consumer spending.

1 Change in real GDP (in % compared with the previous year).

2 Sources: national authorities, forecasts by The Investment Institute by UniCredit. Expected total annual value for the global economy (figures for the first half of 2025 are not available).

3 Assessment of the development in the first half of 2025 on the basis of estimated figures.

Sector-specific developments

In the first half of 2025, the European Central Bank (ECB) continued to cut interest rates. The ECB deposit rate fell from 3.0% at the end of 2024 to 2.0% at the end of June 2025. The ECB also continued to reduce the size of its balance sheet. Since July 2023, maturities from the Asset Purchase Programme (APP) portfolio have not been reinvested, which has led to a monthly decline in the portfolio since then. At the end of June 2025, the ECB still held €2.5 trillion worth of bonds in the APP portfolio, compared to €2.7 trillion at the end of 2024, reflecting a monthly reduction of the portfolio by around €32 billion over the first six months of 2025. The ECB also started to reduce the Pandemic Emergency Purchase Programme (PEPP) portfolio after July 2024 and since January 2025 all PEPP maturities have not been reinvested. This led to a monthly reduction of a further €17 billion in 2025. The PEPP portfolio mainly includes central government bonds and had a volume of €1.56 trillion at the end of June 2025. In the second half of 2025, the reduction of the ECB's balance sheet will continue. Despite the reduction of the ECB's bond portfolios, credit risk premiums for government bonds of peripheral countries continued to fall in the first half of 2025. Credit ratings for central governments improved and a stronger investor interest was seen in euro bonds, reflecting the political uncertainties in the US and the significant depreciation of the US dollar in 2025. In addition, the ECB introduced a new Transmission Protection Instrument (TPI) in July 2022, which subsequently had a positive impact on the demand for government bonds. The ECB's Governing Council assessed that the establishment of the new instrument was necessary to support the effective transmission of monetary policy. The TPI complements the instruments of the ECB's Governing Council. This allows purchases of government bonds to be activated to counter unjustified and disorderly market dynamics that pose a serious threat to the transmission of monetary policy in the euro area.

On the regulatory side, an agreement was reached in 2024 on the implementation of the finalised Basel IV reforms in Europe, which led to the introduction of the Capital Requirements Regulation (CRR) III. The final regulations were published in the Official Journal of the EU in June 2024 and the regulation entered into force on 1 January 2025. A key element is the so-called "output floor", which limits the possibility of reducing risk-weighted assets through internal models and thus makes capital ratios more comparable between banks. A consensus was reached on longer transitional periods to allow sufficient time for market participants to adapt. The agreement contains some special provisions for the euro area which allow long transitional periods for risk exposures to companies without an external credit rating and for housing loans secured by real estate. As a result, risk weights and risk-weighted assets for banks will gradually increase from 2025 onwards. However, banks will optimise their business activities in order to continue to generate a sufficient risk-adjusted return on equity. In 2025, the EU has again postponed the start of stricter rules for trading activities (known as fundamental review of the trading book, FRTB) by another year until 1 January 2027 so that a competitive disadvantage is not created for European banks in response to the delayed implementation in other jurisdictions. In January 2025, the United Kingdom announced that it would postpone the start of the finalised Basel IV regulations by another year, from January 2026 to January 2027. In addition, it was announced in July 2025 that the introduction of stricter rules for trading activities in Great Britain were being postponed by one more year to 2028. In the USA, the implementation of the revised Basel regulations continues to be subject to political uncertainty.

The German banking supervisory authority BaFin published the 8th MaRisk Amendment in May 2024. The amendment implements the guidelines of European Banking Supervision, which came into force in full at the end of 2023, and focuses on the management of interest rate and credit spread risks in the banking book. From January 2024, European banks have to comply with the Minimum Requirement for Own Funds and Eligible Liabilities (MREL). This led to higher issuance volumes of senior bonds by banks before the amendment was introduced, and banks will focus primarily on the refinancing of senior bonds in 2025.

The credit spreads for corporate bonds on the European credit market widened slightly by 6 basis points in the first half of 2025. For senior bonds of banks, however, the risk premium narrowed by 14 basis points over the same period. This means that bank bonds currently trade at a lower risk premium than corporate bonds, reflecting, among other things, the good fundamentals of the banking sector and the uncertainty for some corporates due to the US tariff policy. In the government bond market, the risk premium for ten-year Italian government bonds over ten-year German government bonds fell sharply from 115 basis points at the end of 2024 to 87 basis points at the end of June 2025, the lowest level since 2010. There is a higher share of retail customers and foreign investors buying Italian government bonds. The risk premiums of ten-year French government bonds over German government bonds also narrowed by 15 basis points in the first six months after the widening in 2024 following the early elections of the French parliament.

Short-term interest rates fell in 2025, while long-term interest rates rose slightly. The 3-month Euribor fell from 2.7% at the end of 2024 to 1.9% at the end of June 2025, while the ten-year EUR swap rate rose from around 2.4% to 2.6% over the same period. The higher interest rate level at the long end and the steeper yield curve support the net interest income outlook for banks. The market currently expects two more ECB interest rate cuts in 2025. In the US, the yield on ten-year US government bonds fell from 4.6% at the end of 2024 to 4.2% at the end of June 2025. By contrast, the yield on ten-year German government bonds rose from 2.4% at the end of 2024 to 2.6% at the end of June 2025.

Economic Report (CONTINUED)

Bank lending in Germany rose again in 2025, mainly due to the ECB's interest rate cuts. From January to May 2025, the volume of new business with residential mortgage loans increased by 33% compared to the same period in 2024. Lending to the corporate sector in Germany also increased by 14% year-on-year over the same period. The ECB's last bank lending survey in April 2025 showed a further significant recovery in demand for residential real estate loans in the first quarter of 2025. The decision by the German banking supervisory authority BaFin to reduce the sectoral systemic risk buffer for residential real estate loans from 2% to 1% as of April 2025 also had a positive effect. German banks now need to hold less equity for residential real estate loans. At the same time, the banks surveyed in Germany made the lending conditions for corporate loans less restrictive in the first quarter of 2025 than banks expected in 2024.

Equity markets showed high volatility in the first half of 2025, reflecting the uncertainty around US tariffs and geopolitical risks. However, stock markets recovered strongly after mid-April and were able to reach new all-time highs at the end of June. The Euro STOXX 50 rose by almost 8% in the first half of 2025, while the US S&P 500 Index rose by only 6%. However, due to the sharp depreciation of the US dollar, US equities from the S&P 500 had a negative return in euros. The German stock index DAX rose by more than 19% in the same period, benefiting from higher German government spending on defence and infrastructure investments. European bank stocks continued to outperform the European market as a whole.

The European Central Bank will publish its results of the 2025 bank stress test at the beginning of August 2025. A total of 96 European banks, which are directly supervised by the ECB, will take part in the stress test. The results will shed light on how hypothetical negative shocks affect banks' resilience in challenging macroeconomic conditions.

Sustainability continues to be a high priority within the banking sector. The share of bank bonds issued in ESG-format (Environmental Social Governance-compliant) remained at a high level. Approximately 18% of senior bonds issued in the banking sector in the first half of 2025 were issued in ESG-format. In addition, the banks are working on other sustainability goals and data, especially with regards to the CO2 intensity of their lending book. Banks also had to disclose their so-called green asset ratio (GAR) as a new taxonomy ratio for the first time in 2024.

Operating performance of HVB Group

All the statements regarding the operating performance of HVB Group in this Interim Management Report refer to the structure of the following income statement.

INCOME/EXPENSE	1/1-30/6/2025	1/1-30/6/2024	CHANGE	
	€ millions	€ millions	€ millions	in %
Net interest	1,324	1,271	53	4.2
Dividends and other income from equity investments	30	27	3	11.1
Net fees and commissions	620	670	(50)	(7.5)
Net trading income	755	941	(186)	(19.8)
Net gains/(losses) on financial assets and liabilities at fair value	81	(78)	159	n/a
Net gains/(losses) on derecognition of financial instruments measured at cost	39	(1)	40	n/a
Net other expenses/income	62	37	25	67.6
of which net valuation/disposal of investment properties	(2)	(10)	8	(80.0)
OPERATING INCOME	2,911	2,867	44	1.5
Payroll costs	(586)	(612)	26	(4.2)
Other administrative expenses	(481)	(525)	44	(8.4)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(34)	(44)	10	(22.7)
Operating costs	(1,101)	(1,181)	80	(6.8)
OPERATING PROFIT/(LOSS)	1,810	1,686	124	7.4
Net write-downs of loans and provisions for guarantees and commitments	(76)	(132)	56	(42.4)
NET OPERATING PROFIT/(LOSS)	1,734	1,554	180	11.6
Provisions for risks and charges	(1)	20	(21)	n/a
Restructuring costs	(4)	2	(6)	n/a
Net gains/(losses) on remeasurement of consolidated companies	(1)	(2)	1	(50.0)
PROFIT/(LOSS) BEFORE TAX	1,728	1,574	154	9.8
Income tax for the period	(567)	(507)	(60)	11.8
PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))	1,161	1,067	94	8.8
attributable to the shareholder of UniCredit Bank GmbH	1,161	1,067	94	8.8
attributable to minorities	—	—	—	—

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

Economic Report (CONTINUED)

Net interest

Net interest in the reporting period amounted to €1,324 million, compared with €1,271 million in the previous-year period, up moderately by €53 million (4.2%) on the previous-year figure. This is due to the significantly reduced refinancing costs for trading activities as a result of advances in Trading Engine Centralization (TEC), which more than offset the normalisation of the interest rate environment and interest margins.

In the Corporates operating segment, net interest was impacted by the lower market interest rate level in the deposit-taking business, but higher volumes had a positive effect here. Net interest in the Retail operating segment remained almost unchanged in the first half of 2025 compared to the same period last year in both the lending and deposit-taking business.

Dividends and other income from equity investments

Dividends and other income from equity investments totalled €30 million in the reporting period and are thus noticeably higher than in the previous-year period (€27 million).

Net fees and commissions

Net fees and commissions amounted to €620 million in the reporting period and are therefore moderately lower by €50 million (7.5%) compared with the same period of the previous year.

This development is mainly due to a decline in net fees and commissions in the lending business, especially in the Corporates operating segment. Net fees and commissions from the securities business for customers in the Retail operating segment developed positively.

Net trading income

In the reporting period, net trading income declined significantly by €186 million (down 19.8%) to €755 million (previous-year figure: €941 million). The main reason for the decline in trading income is the knock-on effect of the Trading Engine Centralization, specifically the transfer of a portfolio of interest-bearing securities as a part of the first tranche in the second half of 2024 to UniCredit S.p.A. A corresponding positive countereffect is seen in net interest. In the first half of 2025, particularly income from strong customer-driven business with equity and commodity products had a positive impact on net trading income.

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 reduction of these valuation discounts in connection with the fair value measurement in the first half of 2025 had a positive effect and resulted in income of €29 million (previous-year period: €18 million).

Net gains/losses on financial assets and liabilities at fair value

A net gain of €81 million on financial assets and liabilities at fair value was recognised for the reporting period (previous-year period: a net loss of €78 million).

A positive result was reported for hedge accounting effects. In the reporting period, a gain of €6 million was generated after a loss of €150 million in the previous-year period. This development is mainly attributable to changes in the fair values of hedging transactions and hedged items as well as the implemented centralisation of interest rate risk trading activities and reflects 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 decrease for the hedged items from €144 million in the previous-year period to minus €608 million in the reporting period whereas for hedging transactions, this resulted in a rise from minus €220 million in the previous-year period to €615 million in the reporting period.

A negative result of minus €19 million was generated in the reporting period with financial liabilities designated at FVTPL (previous-year period: €71 million). The negative change in the derivatives used for economic hedging exceeds the positive change in the value of the securities issued.

In the reporting period, a gain of €6 million was generated on financial assets mandatorily at FVTPL compared with a loss of €31 million in the previous-year period. The negative contributions from securities were more than compensated for by positive contributions from derivatives concluded for economic hedging.

At a positive amount of €88 million, the fair value measurement of equity instruments has also increased significantly by €62 million compared with the previous-year period.

Net gains/losses on derecognition of financial instruments measured at cost

This item reported a gain of €39 million for the reporting period after a loss of €1 million in the previous-year period. The net result is thus significantly higher than the previous-year figure.

The derecognised financial instruments are 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 2025. This development is mainly due to the early sale of securities and the realisation of the corresponding market value effects.

Net other expenses/income

The item "Net other expenses/income" reported net income of €62 million for the reporting period, which is significantly higher than the net income of €37 million in the previous-year period.

The significant increase is attributable, among other things, to a reversal of provisions for cross-border leases in the amount of €16 million and a positive decision in legal proceedings in the amount of €4 million. In addition, income from the valuation of investment properties increased by €5 million.

Economic Report (CONTINUED)

Operating costs

Operating costs totalled €1,101 million in the reporting period, down €80 million (6.8%) from €1,181 million in the previous-year period. In the first half of 2025, HVB Group continued to reduce costs in line with the UniCredit Unlocked strategic plan, while also counteracting the effects of inflation.

Personnel expenses decreased moderately by €26 million (down 4.2%) to €586 million in the reporting period compared with €612 million in the previous-year period, mainly due to lower staffing levels. Expenses for wages and salaries declined accordingly.

Other administrative expenses totalled €481 million in the reporting period, decreasing noticeably by €44 million (down 8.4%) compared with the previous-year period. This development is mainly due to the optimisation of costs in the area of information and communication technology (ICT).

Depreciation and amortisation of property, plant and equipment, software and right-of-use assets decreased significantly by €10 million to €34 million in the reporting period compared with €44 million in the previous-year period. In the first half of 2024, the amount was mainly due to depreciation on owner-occupied properties 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 €1,810 million in the reporting period, which is a moderate increase of €124 million (7.4%) compared with the previous-year figure of €1,686 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 moderately to 36.8% in the reporting period after 38.7% in the previous-year period and thus exceeded the forecast of an almost unchanged cost-income ratio compared with the previous-year period.

The segmented income statement used for the cost-income ratio is shown in the Note "Income statement, broken down by operating segment".

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 €76 million after net additions of €132 million to net write-downs of loans and provisions for guarantees and commitments in the previous-year period. The individual effects are described below.

In the reporting period, a net amount of €171 million in portfolio allowances (general loan loss provisions - GLLP) was reversed following a net reversal of €156 million in the previous-year period. In the first half of 2025, the parameters used to calculate the expected credit losses – Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) – were adjusted. These changes are attributable to both business performance and methodical developments. These were supplemented by taking the macroeconomic situation into account. 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 linked to energy-intensive industries and tensions regarding US tariffs. On the other hand, these are risks that have arisen especially in the commercial real estate and construction industry (CRE) as a result of higher construction costs, a decline in orders, falling property prices and lower rental income.

The following reversals and additions were recognised within general loan-loss provisions in the reporting period: The overlays were adjusted in the course of the regular review process due to migrations of exposures from a performing to a non-performing status, a reduction in the exposure underlying the overlay and changes in the macroeconomic scenarios. Within the models used to calculate the expected credit losses (ECL), a recalibration of the Loss Given Default (LGD) model for local portfolios – taking into account an extended time series to reflect the latest development in recovery rates – and a fundamental revision of the Multinational Corporates (MNC) model with significant model adjustments contributed significantly to reversals within the GLLP. Recalibrations of the PD models including an extension of the time series also resulted in reversals of GLLP as well as a recalibration of the groupwide UniCredit PD model for banks. A new securitisation scheme contributed further to a reduction in GLLP. The reversal effects were partially offset by the impact of the updated macroeconomic situation, where a slight deterioration in the outlook resulted in additions to GLLP. Furthermore, a small addition to GLLP resulted from the update of parameters that cover risks in connection with the ESG framework.

In the reporting period, net additions to specific loan-loss provisions totalled €247 million, which is €41 million lower than the net additions of €288 million in the previous-year period. Net additions in the first half of the year were largely impacted by additions to specific loan-loss provisions on account of defaults in the reporting period, which, however, were lower than in previous-year period.

Provisions for risks and charges

In the reporting period, net expenses from allocations to provisions for risks and charges amounted to €1 million. In the previous-year period, there was net income from the reversal of provisions of €20 million. There were no material individual items in the reporting period or in the previous-year period.

Economic Report (CONTINUED)

Restructuring costs

In the reporting period, net expenses of €4 million were incurred for restructuring costs compared with net income of €2 million in the previous-year period. There were no material individual items in the reporting period or in the previous-year period.

Profit before tax, income tax for the period and consolidated profit/loss

In the reporting period, HVB Group generated profit before tax of €1,728 million, which is a noticeable €154 million (9.8%) higher than the profit before tax of €1,574 million generated in the previous-year period.

Income tax expense amounted to €567 million in the reporting period and is therefore noticeably higher by €60 million (11.8%) than the income tax expense of €507 million in the previous-year period. The increase was mainly due to the taxation of the higher result in the reporting period.

After deducting income tax for the period, HVB Group generated a consolidated profit of €1,161 million in the reporting period, which is a noticeable €94 million higher (8.8%) than the consolidated profit of €1,067 million in the previous-year period.

The forecasts made in the 2024 Annual Report of a noticeably better profit before tax and a moderately better profit after tax (consolidated profit) for the 2025 financial year were confirmed in the first half of 2025 and continue to reflect the expectations for the full year 2025.

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 24.1% after 21.2% in the previous-year period. This increase is mainly due to an improved consolidated profit.

The RoAC is therefore noticeably higher than in the previous-year period and, in the first half of the year, higher than the forecast of a moderate increase for the full year 2025 compared to the full year 2024.

Segment results by operating segment

The structure of the income statement used for HVB Group's internal corporate management and planning 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)	1/1-30/6/2025	1/1-30/6/2024
Retail	809	764
Corporates	1,890	1,884
Other	209	171
Total	2,908	2,819

NET OPERATING PROFIT/(LOSS) (€ millions)	1/1-30/6/2025	1/1-30/6/2024
Retail	392	343
Corporates	1,192	1,114
Other	175	136
Total	1,760	1,594

PROFIT/(LOSS) BEFORE TAX (€ millions)	1/1-30/6/2025	1/1-30/6/2024
Retail	381	324
Corporates	1,184	1,109
Other	169	120
Total	1,734	1,553

PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS)) (€ millions)	1/1-30/6/2025	1/1-30/6/2024
Retail	260	223
Corporates	790	748
Other	115	83
Total	1,166	1,053

Economic Report (CONTINUED)

Financial situation

Total assets

As at 30 June 2025, the total assets of HVB Group amounted to €295.7 billion, compared with €290.2 billion as at 31 December 2024, and thus remained virtually unchanged compared with year-end 2024 (up €5.5 billion or 1.9%).

On the assets side, cash and cash balances increased significantly by €2.6 billion to €9.5 billion as at the reporting date compared with €6.9 billion as at year-end 2024. This increase was due to higher balances with the Deutsche Bundesbank and foreign central banks. Balances with central banks amounted to €9.1 billion as at the reporting date compared with €6.5 billion as at 31 December 2024.

Financial assets held for trading remained virtually unchanged at €68.5 billion as at 30 June 2025 compared with €68.4 billion as at year-end 2024.

Financial assets at fair value through profit or loss (FVTPL), which mainly comprise loans and promissory notes, increased noticeably by €0.2 billion or 8.0% to €2.7 billion as at the reporting date (year-end 2024: €2.5 billion). Loans and promissory notes rose significantly by €0.5 billion to €1.3 billion due to new business. The significant decline of €0.3 billion to €0.5 billion in fixed-income securities was mainly attributable to maturing securities.

Financial assets at fair value through other comprehensive income (FVTOCI), which consist exclusively of securities, were down by €0.1 billion to €13.8 billion and thus remained virtually unchanged compared with €13.9 billion as at year-end 2024.

Loans and receivables with banks decreased moderately by €1.2 billion to €23.0 billion as at the reporting date compared with year-end 2024. This was mainly due to the significant decline in cash collateral and pledged credit balances (from €8.2 billion to €4.4 billion). In contrast, there were increases in the volume of reverse repos (plus €1.4 billion), securities (plus €0.4 billion), other loans and receivables (plus €0.4 billion) and current accounts (plus €0.3 billion) during the reporting period.

Loans and receivables with customers rose moderately by €4.8 billion to €167.4 billion. This development was mainly driven by a significant increase in reverse repos (from €1.8 billion as at year-end 2024 to €4.8 billion as at 30 June 2025), a noticeable increase in current accounts (from €7.0 billion to €7.7 billion) and a moderate increase in securities (from €35.8 billion to €37.9 billion).

The volume of hedging derivatives on the assets side of the balance sheet decreased noticeably by €0.6 billion as at the reporting date (year-end 2024: €7.9 billion), mainly due to effects caused by the expiry and renewal of financial instruments. This also led to a decrease in the volume of hedging derivatives on the liabilities side by €0.9 billion to €9.5 billion (year-end 2024: €10.4 billion).

On the liabilities side, the item “Deposits from banks” increased significantly by €12.7 billion or 41.6% to €43.2 billion as at the reporting date (year-end 2024: €30.5 billion). This was largely attributable to a significant rise in deposits from central banks (from €1.5 billion to €6.7 billion) and deposits from banks (from €29.0 billion to €36.5 billion), primarily driven by higher volumes of repo transactions.

Deposits from customers decreased moderately by €5.8 billion to €136.8 billion compared with year-end 2024. This development was mainly due to a noticeable decline in term deposits (down €7.2 billion to €42.9 billion) in the reporting period. In contrast, repos increased significantly by €2.4 billion to €6.5 billion.

Debt securities in issue rose moderately by €0.9 billion to €34.5 billion compared with year-end 2024, primarily as a result of an increase in the volume of public-sector Pfandbriefe.

Declining by €0.2 billion, financial liabilities held for trading, at €48.5 billion, remained virtually unchanged compared with the €48.7 billion as at year-end 2024.

Financial liabilities at fair value through profit or loss (FVTPL), which mainly comprise own structured issues, decreased significantly by 16.7% to €3.0 billion as at the reporting date compared with 31 December 2024 (€3.6 billion), primarily due to maturing issues.

Shareholders' equity shown in the balance sheet declined moderately by €0.6 billion to €19.3 billion as at the reporting date. This development was mainly attributable to the resolution of the shareholders' meeting of HVB to distribute the profit available for distribution as at 31 December 2024 in the amount of €1.9 billion to the sole shareholder. The distribution is due for payment in full on 13 October 2025. The reduction is partially offset by the consolidated profit of €1.2 billion as at the reporting date.

Further and more detailed information on the individual items of the balance sheet can be found in the notes to the consolidated financial statements under “Notes to the Balance Sheet” and in “Other information”.

Contingent liabilities and other commitments not recognised in the balance sheet totalled €135.5 billion as at the reporting date compared with €137.6 billion as at year-end 2024. These include contingent liabilities in the form of financial guarantees of €29.8 billion (year-end 2024: €30.3 billion) and other commitments of €105.7 billion (year-end 2024: €107.3 billion), which mainly relate to irrevocable and revocable loan commitments subject to default risk. These contingent liabilities are matched by contingent assets of the same amount.

Economic Report (CONTINUED)

Risk-weighted assets, key capital ratios and leverage ratio of HVB Group

Risk-weighted assets

The total risk-weighted assets of HVB Group (including market risk and operational risk) determined in accordance with the Capital Requirements Regulation (Kapitaladäquanzverordnung – CRR) amounted to €69.4 billion as at 30 June 2025 and were thus €3.2 billion higher than as at year-end 2024 (€66.2 billion), due to the introduction of the new Basel IV framework. Risk-weighted assets for credit risk (including counterparty default risk) increased by €0.6 billion to €54.3 billion. Risk-weighted assets for market risk were down by €0.6 billion and came to €3.6 billion. Furthermore, risk-weighted asset equivalents for operational risk increased by €3.2 billion to €11.5 billion due to the introduction of the uniform standard approach for operational risk under Basel IV.

Tier 1 capital, capital ratios and own funds

As at 30 June 2025, Common Equity Tier 1 capital compliant with the CRR excluding hybrid capital (CET1 capital) totalled €15.5 billion and Tier 1 capital €17.2 billion. Tier 1 capital decreased slightly compared with year-end 2024 (€17.4 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 (including market risk and operational risk) were 22.4% and 24.8% respectively as at 30 June 2025 (31 December 2024: 23.8% and 26.3% respectively). Own funds came to €17.8 billion as at 30 June 2025 (31 December 2024: €18.7 billion in accordance with approved consolidated financial statements). The own funds ratio was 25.6% as at 30 June 2025 (31 December 2024: 28.2%). The decrease in the ratios is attributable to the call of a Tier 2 instrument (ISIN DE000HV2ATH6) of €0.8 billion held by UniCredit S.p.A. and to the increase in risk-weighted assets due to the introduction of Basel IV.

Leverage ratio

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 5.5% as at 30 June 2025 (31 December 2024 in accordance with approved consolidated financial statements: 5.7%) and is thus significantly higher than the minimum requirement of 3.0%.

Liquidity ratios of HVB

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 30 June 2025 (31 December 2024: 140%). The required LCR of a minimum of 100% to ensure that an institution is able to meet its short-term payment obligations was also adhered to at the level of the combined liquidity sub-group, consisting of UniCredit Bank GmbH and UniCredit Leasing Finance GmbH, in the reporting period. With the completion of the merger of UniCredit Leasing Finance GmbH into UniCredit Bank GmbH in May 2025, reporting the LCR at the level of this combined liquidity sub-group is no longer required.

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. The valid NSFR requirement of a minimum of 100% to ensure the availability of a reasonable share of stable funding was met in the course of 2025.

Ratings

HVB's creditworthiness and credit rating are assessed by the credit rating agencies Fitch Ratings Limited (Fitch), Moody's Investors Service Inc. (Moody's) and Standard & Poor's Credit Market Services Europe Limited (S&P). The credit rating agencies Fitch, Moody's 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").

Fitch Ratings

On 5 November 2024, Fitch raised HVB's ratings by one notch, the outlook remains 'stable'. The rating action 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 senior preferred debt 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 2024 in the course of a regular annual credit rating assessment.

Economic Report (CONTINUED)

Moody's

Moody's affirmed HVB's ratings on 6 June 2025 with a 'positive' outlook. The ratings and outlook affirmation for HVB followed a recent improvement in the outlook for the Italian parent company UniCredit S.p.A. from 'stable' to 'positive'.

HVB's ratings reflect 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 its sustained very strong capital base, which underpin its credit profile. The affirmation also reflects the Bank's improved funding and solid liquidity profile. Although Moody's has increased the assessment of HVB's financial profile by one notch to 'a3', its stand-alone rating remains limited to 'baa2', one notch above that of its parent company. From Moody's perspective, this takes account of existing interdependencies with its parent company and the Single-Point-of-Entry resolution strategy. However, the positive outlook for HVB's ratings reflects the positive outlook for the deposit ratings of its parent company and Moody's expectation that that HVB's stand-alone rating and its deposit rating could improve if the stand-alone rating of UniCredit S.p.A. is upgraded.

Standard & Poor's

On 22 April 2025, S&P raised HVB's ratings by one notch. The outlook remains 'stable'. The rating action for HVB followed the rating upgrade for its Italian parent company UniCredit S.p.A. S&P raised the stand-alone credit profile (SACP) of HVB from 'bbb+' to 'a-' due to its steadily improved financial performance, sound asset quality, strong capitalisation as well as S&P's assessment that HVB is more resilient in the event of a stress scenario at parent company level.

In addition, S&P raised HVB's long-term issuer credit rating from 'BBB+' to 'A-' and affirmed the short-term issuer credit rating at 'A-2'. The resolution counterparty rating for HVB improved from 'A-/A-2' to 'A/A-1'. Furthermore, S&P raised the ratings of all outstanding debt instruments by one notch. The rating for senior unsecured debt rose from 'BBB+' to 'A-' and the rating for senior subordinated debt was upgraded from 'BBB' to 'BBB+'.

The rating outlook reflects S&P's expectation that HVB's capital base will remain at a high level and HVB will report solid financial results. In addition, the outlook reflects S&P's expectation that HVB's financial and operating interdependencies with its parent company will not significantly increase and UniCredit S.p.A. will support HVB's stand-alone credit strength.

Although S&P rarely rates subsidiaries in a Single-Point-of-Entry (SPE) resolution strategy higher than that of the parent company, HVB's ratings are one notch higher than its parent. In its credit rating assessment, S&P emphasises that HVB's ratings continue to be supported by its steadily improved financial performance, its sustained strong capital base, the Bank's solid market position in corporate banking, its diversified and stable funding base and other measures.

Forecast Report / Outlook

The following comments on the outlook are to be viewed in connection with those in the Financial Review and the Risk Report in the Combined Management Report of the 2024 Annual Report.

General economic outlook

HVB Group expects the global economy to slow down in 2025. Global GDP is likely to increase by 2.7% (*The Investment Institute by UniCredit, Quarterly Updates, published on 20 June 2025*) after 3.3% in 2024. Higher US tariffs and uncertainties for companies and consumers due to geopolitical developments are expected to contribute to the growth slowdown. However, an expansionary fiscal policy stance in the US and China and the absence of major imbalances in the global economy are likely to tend to support the global economy. The outlook for 2025 poses downside risks for the global economy, particularly due to geopolitics. Examples of these are the uncertainties resulting from the course taken by the US administration under President Trump and the developments in the Middle East and Ukraine. Abrupt price fluctuations on international financial and commodity markets could be the result and thus burden the global economy. It is also possible that companies and private households are holding back more than expected with their investment and consumption decisions due to geopolitical uncertainties.

HVB Group expects the US economy to cool down noticeably and expects growth of 1.5% in 2025 after 2.8% in 2024, mainly due to higher US tariffs on imported goods from abroad, which are expected to lead to rising inflation rates and less dynamic growth in consumer spending. The lower increase in employment and a savings rate, which is already low by historical standards, also tend to weigh on the economy. Due to higher inflation, HVB Group expects the Federal Reserve to cut its key rate by only 25 basis points to 4.25% in the fourth quarter of 2025 despite the economic slowdown (*The Investment Institute by UniCredit, Quarterly Updates, published on 20 June 2025*).

An expected continued weak development of the real estate market and a declining population are likely to contribute to China's growth remaining subdued by historical standards. In addition, private consumer spending is likely to remain sluggish, while Chinese exports to the US will be dampened by higher US tariffs compared to 2024. After growth of 5.0% in 2024, HVB Group expects a rise of 4.0% in 2025 (*The Investment Institute by UniCredit, Quarterly Updates, published on 20 June 2025*).

For the euro area, HVB Group expects slight growth of 1.0% in 2025 (2024: +0.9%). The inflation rate is expected to amount to 2.1% on average in 2025, after 2.4% on average in 2024. The ECB is expected to cut its key rate by another 25 basis points to 1.75%, probably in the third quarter of 2025 (*The Investment Institute by UniCredit, Quarterly Updates, published on 20 June 2025*).

At country level in the euro area for 2025, HVB Group expects marginal GDP growth of 0.1% in Germany. Economic output in other larger eurozone countries is likely to grow somewhat stronger. HVB Group expects growth of 0.6% for France in 2025 and 0.5% for Italy (*The Investment Institute by UniCredit, Quarterly Updates, published on 20 June 2025*).

Forecast Report / Outlook (CONTINUED)

The main argument against a stronger economic recovery in Germany in 2025 is that the export-oriented German industry is likely to continue to be under pressure for the time being, especially due to higher US tariffs, but also in the wake of the economic slowdown in China. However, the combination of strong wage hikes and lower inflation is expected to support private consumption. The improvements made to tax depreciation options for companies ("investment boosters") adopted by the German government could also stimulate the economy. Although the creation of new jobs already slowed noticeably in 2024, massive job cuts by companies are unlikely in view of the shortage of personnel. The job cuts in the industrial sector are likely to be largely offset by an increase in jobs in the services sector. In addition to a moderate recovery in consumer spending by private households, HVB Group also expects the construction sector to be able to pick up somewhat again.

Banking sector development in 2025

The European banking sector continued its very good performance in 2025. Net interest income in the European banking sector remained at a high level while low credit costs were largely maintained and the capital base remained very comfortable.

The ECB's deposit rate fell by one percentage point in the first six months of 2025, while from January to May 2025, the interest rate on savings deposits of households and companies with an agreed maturity fell by 0.58 percentage points. The ECB's interest rate cuts to date have thus been partially compensated by the banks. In addition, banks in the eurozone have adjusted their bond portfolios to stabilise their net interest income, and the steeper yield curve is increasing the profitability of maturity transformation. The return on equity of European banks was 10.5% in the fourth quarter of 2024, slightly higher than the 10.4% in the previous-year quarter and significantly improved from an average of 7.6% in 2022 and below 4% in the period 2009-2022 (European Banking Authority). The expected further interest rate cuts by the ECB in 2025 will lead to a decline in the momentum of banks' net interest income. Nevertheless, the consensus estimate for the return on equity of the European banking sector is 11.9% for 2025 and 11.7% for 2026 (Bloomberg) with banks profiting from higher fee income and a lower operating cost base.

There were also structural improvements to the profitability of European banks. The Covid-19 pandemic led to an acceleration of digital customer interactions, which enabled a further adjustment of branch networks. In addition, there was an increase in national bank mergers, especially in Spain and Italy, which should further improve profitability in the sector over the medium term. The bank consolidation that has been ongoing for years also continued in Germany, albeit at a slower pace than in previous years. In 2024, the total number of credit institutions in Germany fell by a net figure of 38 to 1,296 institutions. By the end of May 2025, this figure fell by a further 11 institutions (number of institutions reporting to Deutsche Bundesbank). It is likely that the consolidation process among European banks will continue. Furthermore, there is a trend towards streamlining banks' business models by focusing on core segments and markets with a strong competitive position and higher margins. On the cost side, banks continue to adapt their office space to hybrid working models, which should allow for a further optimisation of their cost structure.

The liquidity position of the banking sector remains very good despite TLTRO-III repayments. The liquidity ratios (LCR and NSFR) were well above the minimum regulatory requirements of 100%. European banks' excess liquidity continued to decline by €0.2 trillion in the first six months of 2025 and stood at just €2.7 trillion as at 11 July 2025, compared to the peak of €4.7 trillion in 2022. Commercial banks repaid the last outstanding TLTRO-III funds in 2024 without any major problems. The banking sector had a long time to prepare for the repayments, which also explains the high issuance volume of covered bonds since 2022, among other things. In terms of customer deposits, deposits held by retail customers at banks in Europe increased by 3.9% year-on-year in May 2025, while corporate sector deposits increased by 3.4%.

The average cost of risk for European banks stood at a low 0.51% of outstanding loans in 2024, which was slightly below the five-year average of 0.53%. The relative volume of non-performing loans increased slightly from 1.8% to 1.9% of outstanding loans by the end of 2024 compared to the end of 2023. The proportion of loans showing a significant increase in credit risk and classified as Stage 2 under IFRS 9 remained almost constant at 9.7% year-on-year at the end of 2024. The high ratio of Stage 2 loans shows that the asset quality of European banks is likely to develop moderately negatively in 2025, but remain at a manageable level due to still available risk provisions and the significantly improved profitability of the banking sector (European Banking Authority). According to the information from the latest quarterly reports, the banks themselves expect stable to slightly higher risk costs in 2025. The number of corporate insolvencies in Germany increased by 13.1% in the first quarter of 2025 compared to the same quarter a year earlier. However, there was a slight improvement in the second quarter and the number of corporate insolvencies filed fell slightly by 0.7% in May 2025 compared with the same month in the previous year.

Banks' capitalisation remained at a high level. At the end of December 2024, the average CET1 capital ratio of European banks was 16.0% (fully-loaded view). The average CET1 capital ratio in the banking sector remained almost constant for the year as a whole in 2024, despite a greater focus placed on dividends and share buybacks (European Banking Authority). As a result, banks continued to have a capital base well above the minimum regulatory requirements, which for 2024 averaged 9.8% for all banks under ECB supervision. In the course of 2025, the minimum capital requirements are likely to continue to increase owing to the increase in countercyclical capital buffers in several countries. This will slightly reduce the gap to banks' minimum capital requirements but banks will continue to significantly exceed regulatory capital requirements on average.

In summary, the European and German banking sector are in good shape due to their high profitability and capitalisation. The momentum in net interest income will slow down as further interest rate cuts by the European Central Bank will negatively impact the average net interest margin. In the medium term, however, profitability will be supported by higher interest rate levels and a steeper yield curve with a return to negative interest rates as seen in 2014 to 2022 being unlikely. Nevertheless, structural adjustments remain necessary for banks, including a further digitalisation of their business processes, the adjustment of their branch networks and a further consolidation in the banking sector.

Forecast Report / Outlook (CONTINUED)

Development of HVB Group

We continue to follow the guidelines of our UniCredit Unlocked strategic plan, which is embedded in the Group-wide strategic framework. The following statements regarding future developments are based on the corporate planning of HVB Group and thus on the principles governing the segmented income statement.

We expect HVB Group to achieve a noticeably better profit before and after tax for the 2025 financial year compared to 2024, despite the ongoing challenging macroeconomic and geopolitical environment.

Operating income benefited from a strong start to the year in the first half of 2025. For the second half of 2025, we expect a noticeable seasonal decline compared to the first half. For the full year 2025, we anticipate operating income to remain virtually unchanged compared to 2024 and thus confirm the forecast made in the 2024 Annual Report.

Despite the average decline in interest rates, we expect net interest in 2025 to remain virtually unchanged compared to 2024, with a moderate increase in the second half of the year compared to the first half. For net fees and commissions, we expect a noticeable increase in the reporting year compared to the 2024 financial year, with income remaining virtually unchanged in the second half. This growth compared to 2024 can be achieved through higher commission income from the securities business, assuming robust or slightly rising capital markets, active capital market transactions by corporate clients in open markets, a favourable investment climate, and a return in credit demand following political clarity on international trade agreements in the second half of 2025.

For net trading income, we expect a moderate decline in the 2025 financial year. After a strong first half of the year, we anticipate a significant decline in this income in the second half.

In terms of operating costs, we expect virtually unchanged figures for the 2025 financial year compared to 2024, thanks to efficient cost management, with a virtually unchanged development in the second half of 2025 compared to the first half.

We expect the cost-income ratio to moderately improve further in 2025 compared to the 2024 financial year.

For net-write downs of loans and provisions for guarantees and commitments, we expect a significant decline in newly required provisions in the 2025 financial year compared to the previous year and thus confirm the forecast we made for the reporting year in the 2024 Annual Report. After net additions in the first half of 2025, we anticipate a noticeable increase in net additions to net-write downs of loans and provisions for guarantees and commitments in the second half of 2025.

We expect provisions for risks and charges to increase significantly compared to 2024, but remain at a very low level.

Profit before tax in the second half of 2025 is expected to be significantly below that of the first half, mainly due to the development of net trading income. Profit after tax in the second half of 2025 will also be significantly below that of the first half. For the full year 2025, we expect a noticeable improvement in profit before and after tax compared to the same period in the previous year.

For the RoAC, we expect a noticeable improvement in 2025 compared to the previous year. Due to the seasonal nature of income, we expect a significant decline in the RoAC in the second half of 2025 compared to the first half.

For the Retail operating segment, we expect a moderate increase in profit after tax in the second half of the year compared to the first half. For the full year 2025, we anticipate a significant increase in profit after tax compared to the same period in the previous year. The cost-income ratio will moderately improve in the full year 2025. The RoAC will significantly improve for the full year 2025 compared to the full year 2024.

After a seasonally strong first half in the Corporates operating segment, we expect a significant decline in profit after tax in the second half. However, for the full year 2025, we expect a noticeably better profit after tax compared to the full year 2024. The cost-income ratio will remain virtually unchanged in the full year 2025, better than in 2024. The RoAC is expected to be noticeably better for the full year 2025 compared to the full year 2024.

For the Other operating segment, we expect a noticeable increase in profit after tax in the 2025 financial year compared to the 2024 financial year, albeit with a low share of total earnings of HVB Group. We expect this to decline significantly in the second half of 2025. The cost-income ratio will significantly improve in the full year 2025. The RoAC is expected to be significantly better for the full year 2025 compared to the full year 2024.

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

The opportunities in terms of future business policy and corporate strategy, performance and other opportunities were described in detail in the 2024 Combined Management Report of HVB Group in the section entitled "Forecast report/Outlook". The statements made there remain valid in principle. In addition, the German government's amendment of the Basic Law in March 2025 to implement an investment offensive opens up additional business opportunities, especially in the Corporates business segment.

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 captured 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.

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.

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.

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 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 present in each Division and Competence Line of the Bank.

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 concerning properties used by the bank and properties not used by the bank is controlled centrally by Digital & Operations in the Real Estate unit. 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.

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.

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).

Risk Report (CONTINUED)

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 sections entitled "Economic Report" and "Forecast Report/Outlook" of this Interim Management Report.

The total capital ratio of HVB Group is 25.6% as at 30 June 2025 (31 December 2024: 28.2%).

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%)

Broken down by risk type	30/6/2025		31/12/2024	
	€ millions	in %	€ millions	in %
Credit risk	2,789	47.1	3,090	53.6
Market risk ¹	1,547	26.1	1,171	20.3
Pension risk	570	9.6	570	9.9
Operational risk	444	7.5	410	7.1
Real-estate risk	132	2.2	137	2.4
Business risk	225	3.8	177	3.1
Reputational risk	89	1.5	85	1.5
Aggregated economic capital	5,795	97.9	5,639	97.9
Model risk charge	124	2.1	122	2.1
Economic capital of HVB Group	5,919	100.0	5,761	100.0
Included diversification effects	(916)		(852)	
Risk coverage potential of HVB Group	16,605		16,448	
Risk taking capacity of HVB Group, in %		280.5		285.5

¹ Including behavioural model risk
Contains rounding differences.

Economic capital increased by €158 million in comparison to 31 December 2024.

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

Broken down by operating segment	30/6/2025		31/12/2024	
	€ millions	in %	€ millions	in %
Retail	501	9.6	468	9.2
Corporates	3,114	59.6	3,487	68.8
Other	1,609	30.8	1,114	22.0
Economic capital (without pension risk and without the model risk charge) of HVB Group	5,225	100.0	5,069	100.0

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.

Risk Report (CONTINUED)

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.

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 €16,605 million as at 30 June 2025 (31 December 2024: €16,448 million).

With economic capital (including the model risk charge) of €5,919 million, the risk-taking capacity of HVB Group is 280.5% (31 December 2024: 285.5%). This figure is higher than the target of 160% HVB Group set itself in the 2025 risk appetite framework. The decrease of 5.0 percentage points in comparison with 31 December 2024 for HVB Group is attributable to the increase in economic capital. The economic capital grew by €158 million, or 2.7%, in the first half of 2025. The risk coverage potential is €157 million or 1.0% higher in the first half of 2025. The increase is mainly due to decrease of hidden loss.

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 the first half of 2025:

- Recession scenario – global recession driven by an intensification of trade tensions between the US and main trading partners, as well as a supply shock due to growing geopolitical tensions
- Global trading and energy shock scenario (until Q1/2025) – deep recession in Europe due to high inflation on account of geopolitical tensions and disruptions in supply chains and global trade
- China slowdown scenario (until Q1/2025) – weakening of the Chinese economy with global contagion effects
- Severe recession and low interest rates (from Q2/2025) – deep global recession due to an escalation of trade conflicts between the US and its main trading partners. Central banks cut interest rates to keep inflation expectations
- US tariff uncertainties (from Q2/2025) – companies and consumers in Germany reduce spending and investments driven by the increased uncertainty caused by the US tariff policy
- 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)

Risk Report (CONTINUED)

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 2025. 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 macroeconomic and political topics as well as sustainability topics. The outcome of the 2025 risk inventory will be presented to HVB's Financial and Credit Risk Committee in October 2025 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

We provided extensive details on the management (strategy, limitation, risk mitigation, measurement), monitoring and control of the individual types of risk in in the 2024 Annual Report of HVB Group. Where the measurement methods for individual risk types have meanwhile been refined, details are presented under the risk type concerned.

1 Credit risk

The economic capital for credit risk at HVB Group, without taking account of diversification effects between the risk types, amounts to €2,948 million, which is €283 million lower than the reported figure as at 31 December 2024 (€3,231 million). The decline in the economic capital is due mainly to the annual update of the correlation and migration parameters. In addition, the introduction of Basel IV means that some premiums on risk-weighted assets are no longer relevant for the Group-wide processes.

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.

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 2024: €12 million).

Risk Report (CONTINUED)

Development of metrics by operating segment

Broken down by operating segment	EXPECTED LOSS ¹ € millions		RISK DENSITY ² in bps	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Retail	67	65	18	18
Corporates	274	270	17	16
Other	3	2	—	—
HVB Group	344	337	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 to the end of the previous year, the expected loss of the HVB Group increased by €7 million in the first half of 2025, while the risk density remained unchanged at 13 bps.

In the Retail segment, the expected loss rose by €2 million. The risk density remained stable at 18 bps.

In the Corporates segment, the expected loss increased by €4 million, with contributions from the Machinery, Metals, Consumer Goods and Transport, Travel sectors. The risk density also rose by 1 bp.

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

Broken down by operating segment (€ millions)	CREDIT DEFAULT RISK EXPOSURE		OF WHICH COUNTERPARTY RISK		OF WHICH ISSUER RISK IN BANKING BOOK		OF WHICH ISSUER RISK IN TRADING BOOK	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Retail	36,991	36,601	215	181	—	—	—	—
Corporates	170,517	172,071	19,077	20,876	20,276	19,882	2,115	1,183
Other	54,024	50,193	166	66	47,673	44,962	—	—
HVB Group	261,532	258,865	19,458	21,123	67,949	64,844	2,115	1,183

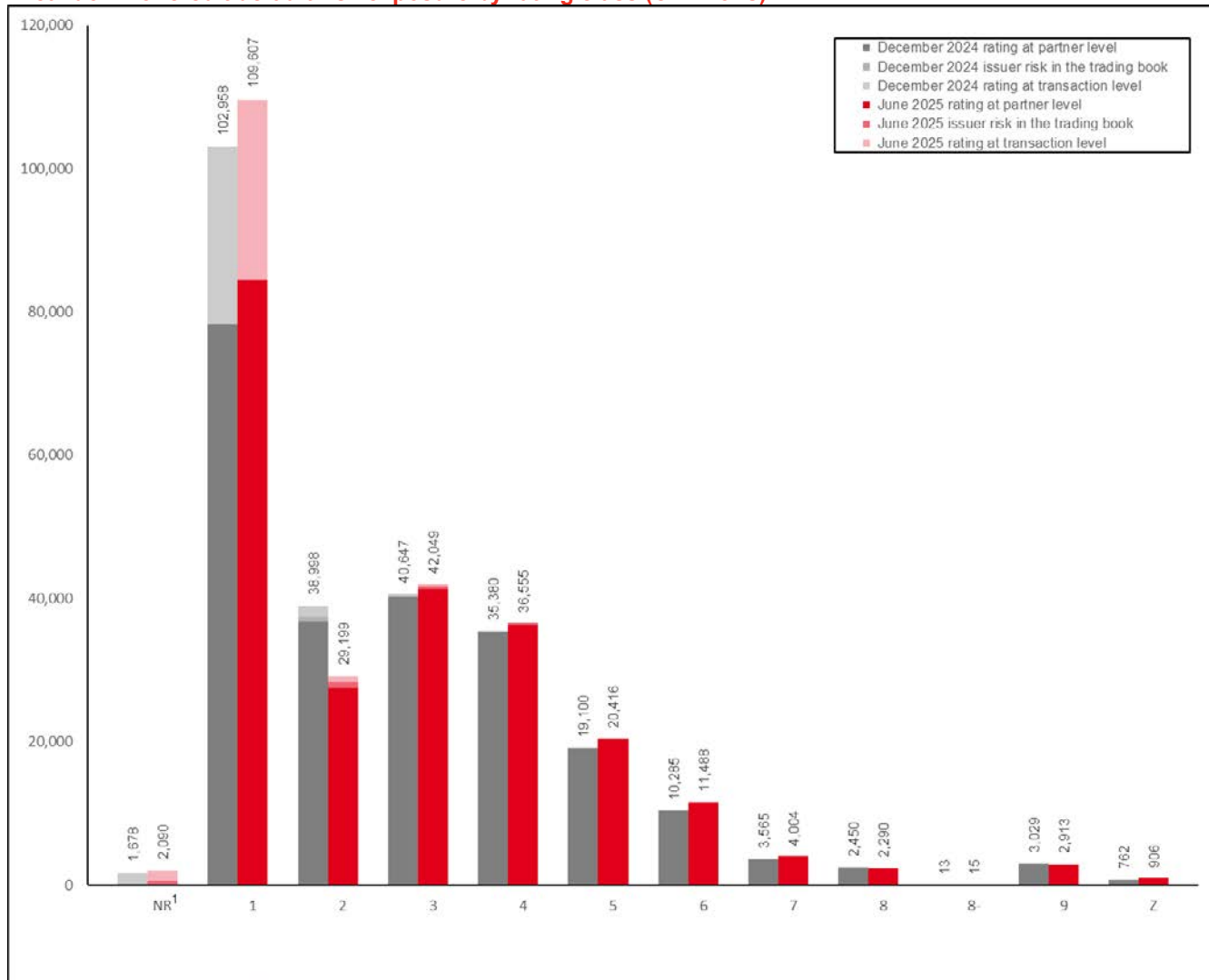
The credit risk exposure of the HVB Group increased by €2,667 million in the first half of 2025.

In the Retail operating segment, exposure rose by €390 million.

In contrast, exposure in the Corporates operating segment decreased by €1,554 million, with reductions observed in the Consumer goods as well as Telecommunication, IT sectors.

In the Other segment, exposure increased by €3,831 million. This was primarily due to the build-up of liquidity investments with central banks.

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



1 Not rated.

During the first half of 2025, the HVB Group observed shifts between rating classes. In particular, exposure in rating class 1 increased by €6,649 million. In contrast, exposure in rating class 2 declined by €9,799 million. These developments were primarily driven by business development across various clients as well as rating migrations.

Risk Report (CONTINUED)

Development of metrics by industry group

Broken down 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	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Financial institutions (including. Foreign sovereigns)	55,651	50,527	907	632	16	18	3	4
Real estate	33,115	32,809	48	11	43	43	13	13
Special products	28,245	28,207	—	—	16	20	6	7
Public sector (including German sovereign, without public service companies)	22,464	21,557	—	—	—	—	—	—
Energy	12,980	12,968	99	62	14	13	11	10
Machinery, metals	11,399	11,543	90	39	34	30	30	26
Chemicals, pharma, healthcare	9,711	10,301	74	63	38	37	40	37
Automotive	9,418	10,043	201	103	14	17	17	17
Services	7,828	7,147	163	67	27	24	36	34
Consumer goods	7,676	8,960	75	23	22	20	30	23
Telecommunication, IT	6,471	7,622	192	70	11	12	18	17
Construction, building materials	5,744	6,417	26	12	16	17	29	27
Food, beverages	5,653	5,933	39	14	11	11	20	19
Transport, travel	5,635	5,795	61	40	10	8	19	14
Agriculture, forestry	3,673	3,600	1	1	7	6	23	20
Electronics	3,603	3,048	17	8	11	8	31	27
Media, paper	1,757	2,013	3	5	6	6	34	34
Textile	1,648	1,431	7	2	6	6	37	40
Shipping	1,637	935	32	7	1	1	8	11
Tourism	1,068	1,649	14	7	4	3	37	20
Public service companies	537	1,110	—	1	1	1	18	10
Private customers	25,450	25,214	—	—	35	36	14	14
Others	169	36	66	16	1	—	60	59
HVB Group	261,532	258,865	2,115	1,183	344	337	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)

As of 30 June 2025, exposure in the Financial Institutions industry group (including foreign sovereigns) increased by €5,124 million compared to year-end 2024. This was partly driven by higher liquidity reserves held with central banks. The expected loss of the portfolio decreased by €2 million, and the risk density declined by 1 bp.

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.

Real estate

In the real estate industry group, exposure as at 30 June 2025 decreased compared to year-end 2024 by €306 million. Both the expected loss and the risk density remained stable. This development was primarily driven by a continued stabilization of the real estate market in the first half of 2025, accompanied by a slight increase in the number of transactions in the commercial real estate segment. The financing business continues to be 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 remained nearly unchanged in the first half of 2025, with a slight increase of €38 million. The focus continues to be on customer-related securitisations and ABS/CLO bond investments, as well as margin loan financing, which is also in line with the 2025 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. The expected loss decreased by €4 million, and the risk density improved slightly by 1 bps, keeping both indicators at a very low level compared to 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 (including German sovereign, excluding public service companies), exposure increased by €907 million in the first half of 2025. This was partly attributable to the bank's own liquidity investments.

Energy

Exposure in the energy industry group remained nearly unchanged compared to year-end 2024, with a slight increase of €12 million. The industry group continues to be influenced by the unchanged 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 €14 million and a risk density of 11 bps. Project financing in the renewable energy area is within the scope of the 2025 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

Broken down by eurozone countries (€ millions)	CREDIT DEFAULT RISK EXPOSURE		OF WHICH ISSUER RISK IN TRADING BOOK	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Germany	159,952	159,130	353	185
France	15,780	14,506	321	139
Italy	10,689	11,227	680	467
Spain	10,291	8,899	61	32
Ireland	8,376	7,742	25	7
Netherlands	4,878	5,296	80	39
Luxembourg	4,396	4,771	101	30
Austria	3,294	3,149	41	28
Belgium	1,344	1,007	3	2
Finland	1,064	1,107	10	3
Slovakia	389	196	—	—
Portugal	236	120	1	—
Slovenia	41	43	—	—
Greece	34	26	2	—
Cyprus	14	10	—	—
Estonia	13	23	—	—
Croatia	7	8	—	—
Malta	1	1	—	—
Latvia	—	—	—	—
Lithuania	—	—	—	—
Supranational organisations and multilateral banks	9,286	8,092	17	20
HVB Group	230,085	225,353	1,695	952

Italy

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

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	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
United States	10,895	10,877	105	72
Switzerland	6,624	7,146	45	23
United Kingdom	5,079	5,451	191	88
Western Europe (without Switzerland, UK)	1,956	2,040	63	27
Eastern Europe (without euro countries)	1,864	1,690	10	6
Asia/Oceania (without Japan, China, Hong Kong)	1,237	1,600	—	—
Africa	946	971	—	—
North America (without USA)	684	630	2	10
Turkey	621	625	—	—
CIS/Central Asia (without Turkey)	485	656	2	3
including Russia	323	483	2	3
Including Ukraine	—	1	—	—
Including Belarus	—	—	—	—
Near/Middle East	453	562	—	—
China (including Hong Kong)	330	370	—	—
Japan	162	727	—	—
Central/South America	110	167	1	1
Without country classification	—	—	—	—
HVB Group	31,446	33,512	419	230

The total exposure to customers in countries/regions outside the eurozone decreased by €2,066 million in the first half of 2025. The exposure to customers in Russia was further reduced by €160 million in the first half of 2025.

Overlays

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

Development of the overlays

Distribution by overlay (€ millions)	30/6/2025	31/12/2024	CHANGE
Geopolitical	38	50	(12)
Commercial real estate (CRE)	83	96	(13)
HVB Group	121	146	(25)

Risk Report (CONTINUED)

Geopolitical overlay

The continuation of the geopolitical overlay in the amount of €38 million for the first half of 2025 expresses the continuing uncertainty and the ongoing risks in connection with the geopolitical situation and the macroeconomic challenges. The change totalling €12 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.

Commercial real estate (CRE) overlay

The overlays recognised for the commercial real estate business decreased in the reporting period by €13 million and amounted to €83 million at the end of the first half of 2025. 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 income, derivatives are used to manage market price risks from trading activities (in particular, risks arising from interest-rate fluctuations and currency fluctuations), and also serve to hedge on- and off-balance-sheet items as part of asset/liability management. In addition to market risk, derivatives entail counterparty risk and, in the case of credit derivatives, which are also used to manage credit risk, 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.

Based on these replacement values and without taking into account any risk-reducing effects, the maximum counterparty risk for HVB Group as at 30 June 2025 totalled €51.1 billion (31 December 2024: €53.3 billion). The decline of €2.2 billion compared with year-end 2024 is primarily attributable to interest rate derivatives (down €2.6 billion) and interest rate/cross-currency swaps (down €2.1 billion). In contrast, currency-related transactions (up €1.4 billion), equity/index derivatives (up €0.6 billion) and credit derivatives (up €0.2 billion) recorded an increase.

In compliance with banking supervisory regulations in accordance with 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 from counterparty risk in HVB Group's derivatives business were €4.4 billion as at 30 June 2025 (31 December 2024: €4.7 billion).

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

Derivative transactions

€ millions	NOMINAL AMOUNT			FAIR VALUE					
	RESIDUAL MATURITY			TOTAL	TOTAL	POSITIVE		NEGATIVE	
	UP TO 1 YEAR	MORE THAN 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	30/6/2025	31/12/2024	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Interest rate derivatives	354,726	599,382	474,215	1,428,323	1,435,031	29,224	31,834	33,609	35,218
Foreign exchange derivatives	405,846	69,318	2,079	477,243	403,562	6,454	5,082	6,932	5,067
Cross-currency swaps	48,930	188,737	99,027	336,694	351,964	4,981	7,086	7,667	9,954
Equity/index derivatives	104,825	56,256	8,208	169,289	139,451	6,464	5,851	4,984	3,895
Credit derivatives	1,038	14,697	649	16,384	7,181	446	169	158	55
- Protection buyer	825	8,583	345	9,753	4,866	155	90	145	48
- Protection seller	213	6,113	304	6,630	2,315	291	79	12	7
Other transactions	34,496	22,631	63	57,190	49,983	3,529	3,311	561	942
HVB Group	949,861	951,021	584,241	2,485,123	2,387,172	51,098	53,333	53,911	55,131

The nominal share of the derivative business with a residual maturity of up to three months amounted to a total of €387,919 million as at 30 June 2025 (of which credit derivatives pro rata €680 million).

Derivative transactions by counterparty type

€ millions	FAIR VALUE POSITIVE		FAIR VALUE NEGATIVE	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Central governments and central banks	2,079	2,911	996	891
Banks	37,950	40,566	41,693	46,743
Financial institutions	7,733	5,094	8,319	4,400
Other companies and private individuals	3,336	4,762	2,903	3,097
HVB Group	51,098	53,333	53,911	55,131

Risk Report (CONTINUED)

2 Market risk

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 €1,684 million (31 December 2024: €1,287 million).

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)

€ millions	MARKET RISK OF POSITIONS RECOGNISED AT FVTPL			MARKET RISK OF POSITIONS RECOGNISED AT FVTOCI		
	Average	Period end		Average	Period end	
	2025	30/6/2025	31/12/2024	2025	30/6/2025	31/12/2024
Credit spread risk	2.2	2.0	1.5	11.2	11.5	11.0
Interest rate positions	2.9	1.5	2.7	4.0	2.8	4.9
Foreign exchange positions	1.4	1.2	1.2	0.1	0.1	0.4
Equity/index positions ¹	3.1	2.9	2.8	—	—	—
Commodity risk	1.5	1.3	1.8	—	—	—
HVB Group¹	5.5	4.6	4.5	12.7	11.7	13.2

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.

Regulatory capital requirements of HVB Group

€ millions	30/6/2025	31/3/2025	31/12/2024	30/9/2024	30/6/2024
Value at risk	48	45	50	39	42
Stressed value at risk	86	141	150	157	103
Incremental risk charge	55	60	41	28	59
Market risk standard approach	30	33	35	27	27
CVA	72	63	60	67	73

The new regulatory framework for Credit Valuation Adjustment (CVA) risk, which came into effect on 1 January 2025, is based on the revised Capital Requirements Regulation III (CRR III). It replaces the previous approaches to calculating CVA risk with two new methods: the standard approach (SA-CVA) and the basic approach (BA-CVA).

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 two 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 through additional valuation adjustments of €42 million.

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 demand 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 income 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 June 2025, 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 demand and savings deposits.

Risk Report (CONTINUED)

Information on interest rate risk in the banking book

	30/6/2025		31/12/2024	
	€ millions	in %	€ millions	in %
+ 200 basis points	(1,662)	(9.4)	(1,189)	(6.4)
- 200 basis points	950	5.4	651	3.5

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 change in the figures is caused by the updated representation of the Core deposits as well as the changed positioning.

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 demand and savings deposits are also taken into account. Depending on the contractual agreement with the customer, a floor of 0% may 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

	30/6/2025		31/12/2024	
	€ millions	in %	€ millions	in %
Parallel upwards	263	1.5	160	0.9
Parallel downwards	(554)	(3.2)	(349)	(2.0)

The increase in the results compared to year-end 2024 can be attributed mainly to the changed positioning in derivatives.

3 Liquidity risk

Short-term liquidity risk

Within our limit system, we showed an overall positive balance of short-term liquidity risk of €30.8 billion at HVB Group for the three-month maturity bucket as at 30 June 2025 (31 December 2024: €35.6 billion). The portfolio 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 €55.7 billion (31 December 2024: €54.6 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 in the first half of 2025. The weighted average liquidity coverage 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 June 2025 (31 December 2024: 140%). The following table shows the individual components of the weighted liquidity coverage ratio.

Liquidity coverage ratio components (LCR)	Adjusted total value (weighted)	
	30/6/2025	31/12/2024
Number of data points used in calculating the average values (weighted)	12	12
High quality liquid assets (HQLA) in € billions	60.0	60.2
Total net average outflows in € billions	42.9	42.9
Liquidity coverage ratio (LCR) in %	140	140

Structural liquidity risk

The structural liquidity risk (funding risk) of HVB Group was again low in the first half of 2025 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 our limit system. By the end of June 2025, HVB Group had obtained longer-term funding with a volume of €3.3 billion (30 June 2024: €1.5 billion). Our Pfandbriefe remain an important funding instrument; in the first half of 2025 a volume of €2.4 billion (30 June 2024: €0.8 billion) was funded externally on the capital market. Since June 2021, the net stable funding ratio (NSFR) has been subject to a mandatory minimum ratio of 100%, which was complied with in the reporting period. The economic structural liquidity ratios “greater than one year and greater than three years” were above their internal threshold values in the first half of 2025.

Risk Report (CONTINUED)

4 Operational risk

The regulatory as well as the economic capital for operational risk (OpRisk) is calculated by the Group Non-Financial Risks department of the Holding Company UniCredit S.p.A. at UniCredit Group level and only then reallocated to the hubs (e.g. HVB Group) and further to their most important subsidiaries. The first step of the allocation mechanism, i.e. allocation to the hubs, is based on three allocation drivers: TSA value, average annual loss amount and stand-alone capital. In the second step the capital of HVB Group (Hub Germany) is allocated further to the main subsidiaries on the basis of four weighted elements: TSA value, average annual loss amount, annual loss frequency and scenarios (1:40 years).

Starting from the first quarter of 2025, the regulatory OpRisk capital of HVB Group is calculated on the basis of a new simplified approach, the Standardised Measurement Approach (SMA), in accordance with the applicable provisions of the Capital Requirements Regulation (CRR). This approach is based on the calculation of the business indicator (BI), a key figure that is essentially determined from earnings and business data for the past three years, which is precisely defined by the regulator. The OpRisk capital is calculated by multiplying the BI by a factor that depends on the size of the financial institution in accordance with regulatory requirements. The SMA is developed by UniCredit S.p.A. and the corresponding calculation results are checked for plausibility by UniCredit Bank GmbH. The economic OpRisk capital for UniCredit Bank GmbH and HVB Immobilien AG is calculated using an AMA-based model called IMOR. This model is based, in particular, on internal and external loss data. In that context, the loss distributions are determined for each model risk category. A model risk category arises from a combination of the Basel loss event category and the product category of the loss event. Scenario data are used in order to complete the data in the area of rare but extreme outcomes. The aggregation of the individual data sources is performed via the application of the Bayesian approach with respect to the parameters of the loss distribution for each model risk category. The Vary is determined by a Monte Carlo simulation. The vary values for the individual model risk categories are adjusted using the internal control and business environment factors. The aggregation takes into account correlations between the model risk categories and risk-mitigating measures, such as insurance.

For all other subsidiaries within the respective scope of consolidation, the SMA is applied in the same way as for regulatory capital.

The economic capital for HVB Group's operational risk, without taking into account diversification effects between the risk types, amounts to €709 million as at 30 June 2025 (31 December 2024: €664 million).

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 is also monitored in the context of the overarching control processes.

Business continuity management, IT service continuity management and crisis management

The business continuity management, IT service continuity management and crisis management demonstrated their effectiveness and adequacy by successfully mastering critical situations. In addition, the precautions taken for crisis and emergency situations are adapted constantly to adapt to new threats. Responsibility for managing these risks always belongs to the process owner and the associated senior management. Comprehensive monitoring and reporting of the residual risks identified is carried out by business continuity management.

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.

In general, the management of compliance risk is 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 and regulate 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. Thus, comprehensive risk assessment is ensured by this approach. Tax compliance is managed and further developed exclusively by the Tax department within the finance organization.

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, 29 October 2024 and most recently of 27 May 2025 the BGH confirmed five 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.

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 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. However, some clarification has been provided by the case law of the Federal Tax Court (BFH), most recently by the decision of 13 November 2024. 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 contested 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. The General Court of the European Union issued a decision on 26 March 2025 which reduced the amount of the fine previously imposed but otherwise upheld the European Commission's decision. UniCredit S.p.A. and HVB submitted an appeal before the European Court of Justice contesting the General Court's judgment that upheld the European Commission's decision.

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. On 27 March 2025, the district court granted the defendants' motions to dismiss the complaints and subsequently entered judgment for HVB and its co-defendants. The plaintiff has appealed the judgments to the U.S. Court of Appeals for the Second Circuit.

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 scheduled to be heard in December 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. Notwithstanding an anti-suit injunction obtained by HVB in the English courts (English ASI) in January 2024, the Russian company continued the litigation in Russia and joined 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 which were rejected on 19 February 2025. HVB and AO UniCredit Bank have further appealed the decision.

Further, on 23 December 2024 the Russian company 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 a violation of the Russian ASI, HVB could be liable to pay a court fine to the Russian company. In light of the obligation in the Russian ASI, in February 2025 HVB obtained an order from the English Court of Appeal amending its January 2024 order to remove the English ASI. HVB appealed the decision before the Russian Supreme Court which was rejected on 27 June 2025.

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 issued by AO UniCredit Bank to a Russian company. When AO UniCredit Bank made a payment under the guarantees to the Russian company, AO UniCredit Bank demanded payment under the counter-guarantees from HVB, which HVB was unable to perform due to applicable EU sanctions. In October 2024, the Russian court ordered HVB to pay the guarantee amounts plus interest. HVB has appealed against the ruling. In January 2025, the appeal was rejected. HVB filed a further appeal which does not affect the enforceability of the existing judgment. In March 2025, AO UniCredit Bank initiated measures to secure enforcement against HVB.

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 strategic risk type of risk, which is described exclusively in qualitative terms. The risk arising from outsourcing activities and the sustainability risk are not treated as separate risk types at HVB Group but are considered a cross-risk types and are consequently listed under other risks. Investment risk is mapped by 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 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.

The economic capital for real estate risk at HVB Group, without taking into account diversification effects between the risk types and without the model risk charge, amounts to €245 million as at 30 June 2025, which represents a decrease of €9 million (31 December 2024: €254 million).

The risk figures relate to a portfolio valued at €2,169 million.

Breakdown of the real estate portfolio by type

	PORTFOLIO VALUE		SHARE	
	€ millions		in %	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Real estate used by the Bank	1,745	1,817	80.5	81.2
Real estate not used by the Bank	424	420	19.5	18.8
HVB Group	2,169	2,237	100.0	100.0

Risk Report (CONTINUED)

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.

The economic capital for HVB Group's business risk, without taking into account diversification effects between the risk types and without the model risk charge, amounts to €353 million as at 30 June 2025 (31 December 2024: €284 million).

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 €621 million as at 30 June 2025 (31 December 2024: €626 million). The value remained stable compared to the end of 2024. 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 nevertheless improved due to an increase in the discount rate. 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 prove more persistent and that central banks will turn again to a restrictive monetary policy.

Strategic risk

The statements made on strategic risk in the 2024 Annual Report still apply. Changes in the performance of the overall economy and the ratings of HVB are shown in the section entitled "Economic report" in this Interim Management Report.

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 as well as new activities such as new product processes, outsourcing, projects and particular investments (such as special purpose vehicles) are included. The units responsible in each case are required to analyse the business relation/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 consulted to 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.

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 €151 million as at 30 June 2025 (31 December 2024: €146 million).

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 €124 million as at 30 June 2025 (31 December 2024: €122 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 – such as 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” risks caused by extreme weather events (such as droughts, floods and storms) and “chronic” risks caused by ongoing climate change (such as rising sea levels, loss of biodiversity, scarcity of resources). These can result, for example, directly in damage to buildings or 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 environment-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 materialises across the traditional risk types (credit risk, market risk, operational and reputational risk, liquidity and funding risk) and is gradually integrated into risk monitoring in a project.

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. 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 Data Protection and Business Continuity Management, Cyber Security) use a standardised procedure to classify outsourcing arrangements as “not critical” and “critical”. An in-depth risk analysis 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. 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 outsourcing contract was concluded by HVB in the first half of 2025. Following the merger of UniCredit Leasing Group into UniCredit Bank GmbH, existing outsourcing contracts with UniCredit Bank GmbH were terminated. Two remaining non-critical contracts with the archiving provider Iron Mountain were transferred to UniCredit Bank GmbH. The transfer of those contracts did not result in a significant change in UniCredit Bank GmbH’s risk.

Consolidated Statement of Total Comprehensive Income

Consolidated Income Statement

INCOME/EXPENSE (€ millions)	NOTE	1/1-30/6/2025	1/1-30/6/2024
Interest income		3,579	4,549
of which calculated using the effective interest method (based on classification according to IFRS 9)		3,384	3,924
Negative interest on financial assets		(1)	(2)
Interest expense		(2,255)	(3,277)
Negative interest on financial liabilities		1	1
Net interest	12	1,324	1,271
Dividends and other income from equity investments	13	30	27
Net fees and commissions	14	620	670
Net trading income	15	755	941
Net gains/(losses) on financial assets and liabilities at fair value	16	81	(78)
Net gains/(losses) on derecognition of financial instruments measured at cost	17	39	(1)
Net other expenses/income	18	62	37
Payroll costs		(586)	(612)
Other administrative expenses		(481)	(525)
Amortisation, depreciation and impairment losses on intangible and tangible assets		(34)	(44)
Operating costs	19	(1,101)	(1,181)
Net write-downs of loans and provisions for guarantees and commitments	20	(76)	(132)
Provisions for risks and charges	21	(1)	20
Restructuring costs	22	(4)	2
Net gains/(losses) on remeasurement of consolidated companies	23	(1)	(2)
PROFIT/(LOSS) BEFORE TAX		1,728	1,574
Income tax for the period		(567)	(507)
PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))		1,161	1,067
attributable to the shareholder of UniCredit Bank GmbH		1,161	1,067
attributable to minorities		—	—

Consolidated Statement of Total Comprehensive Income

€ millions	1/1-30/6/2025	1/1-30/6/2024
Profit/(loss) after tax recognised in the income statement (consolidated profit/(loss))	1,161	1,067
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)	204	(51)
Allocation to/withdrawal from the revaluation surplus for owner-occupied property (IAS 16)	(16)	(24)
Change in the fair value of financial liabilities at FVTPL attributable to changes in the default risk (own credit spread reserve)	25	6
Other changes	—	—
Taxes on income and expenses not to be reclassified to the income statement in future periods	(67)	22
Income and expenses to be reclassified to the income statement in future periods		
Changes from foreign currency translation	(20)	5
Changes in the measurement of financial instruments (hedge reserve)	(9)	6
Unrealised gains/(losses)	(9)	6
Gains/(losses) reclassified to the income statement	—	—
Changes in the measurement of financial instruments at FVTOCI (FVTOCI reserve)	43	8
Unrealised gains/(losses)	42	13
Gains/(losses) reclassified to the income statement	1	(5)
Other changes	—	—
Taxes on income and expenses to be reclassified to the income statement in future periods	(11)	(5)
Total income and expenses recognised in equity through other comprehensive income	149	(33)
Total comprehensive income	1,310	1,034
of which:		
attributable to the shareholder of UniCredit Bank GmbH	1,310	1,034
attributable to minorities	—	—

Consolidated Balance Sheet

ASSETS (€ millions)	NOTE	30/6/2025	31/12/2024
Cash and cash balances	24	9,460	6,905
Financial assets held for trading	25	68,500	68,356
Financial assets at FVTPL	26	2,740	2,463
Financial assets at FVTOCI	27	13,849	13,896
Loans and receivables with banks (at cost)	28	23,029	24,219
Loans and receivables with customers (at cost)	29	167,447	162,565
Hedging derivatives	30	7,262	7,851
Hedge adjustment of hedged items in the portfolio fair value hedge		(664)	(58)
Investments in associates and joint ventures accounted for using the equity method	31	17	17
Property, plant and equipment	32	1,852	1,892
Investment properties	33	178	179
Intangible assets	34	36	39
Tax assets		707	771
Current tax assets		104	91
Deferred tax assets		603	680
Non-current assets or disposal groups held for sale	35	106	180
Other assets	36	1,136	955
TOTAL ASSETS		295,655	290,230

LIABILITIES (€ millions)	NOTE	30/6/2025	31/12/2024
Deposits from banks	37	43,194	30,476
Deposits from customers	38	136,817	142,609
Debt securities in issue	39	34,452	33,584
Financial liabilities held for trading	40	48,514	48,659
Financial liabilities at FVTPL	41	2,986	3,563
Hedging derivatives	42	9,479	10,370
Hedge adjustment of hedged items in the portfolio fair value hedge	43	(3,444)	(3,452)
Tax liabilities		1,481	1,340
Current tax liabilities		1,360	1,277
Deferred tax liabilities		121	63
Liabilities of disposal groups held for sale	44	—	—
Other liabilities	45	1,626	1,631
Provisions	46	1,265	1,557
Shareholders' equity		19,285	19,893
Shareholders' equity attributable to the shareholder of UniCredit Bank GmbH		17,595	18,203
Subscribed capital (share capital)		2,407	2,407
Additional paid-in capital		9,791	9,791
Other reserves		4,279	4,131
Currency reserves		8	28
Changes in valuation of financial instruments		(51)	(74)
Hedge reserve		—	6
FVTOCI reserve		(51)	(80)
Profit available for distribution		—	1,920
Consolidated profit 1/1-30/6/2025 ¹		1,161	—
Additional equity instruments		1,700	1,700
Minority interests		(10)	(10)
TOTAL LIABILITIES		295,655	290,230

¹ Attributable to the shareholder of UniCredit Bank GmbH.

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. On 25 March 2025, the Shareholders' Meeting of HVB passed a resolution to distribute the profit available for distribution of €1,920 million to our sole shareholder, 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 distribution of the profit available for distribution for 2024 is due in full for payment on 13 October 2025.

Statement of Changes in Consolidated Shareholders' Equity

€ millions	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES				CURRENCY RESERVE
			TOTAL OTHER RESERVES	OF WHICH OWN CREDIT SPREAD	OF WHICH: REVALUATION RESERVE FOR OWN PROPERTIES	OF WHICH PENSIONS AND SIMILAR OBLIGATIONS (IAS 19)	
Shareholders' equity as at 1/1/2025	2,407	9,791	4,131	(27)	758	(1,213)	28
Consolidated profit/(loss) recognised in the consolidated income statement	—	—	—	—	—	—	—
Total income and expenses recognised in equity through other comprehensive income⁴	—	—	146	18	(11)	139	(20)
Unrealised gains/(losses) due to changes in measurement	—	—	7	18	(11)	—	—
Gains/(losses) reclassified to the income statement	—	—	—	—	—	—	—
Actuarial gains/(losses) on defined benefit plans	—	—	139	—	—	139	—
Changes from foreign currency translation	—	—	—	—	—	—	(20)
Other changes	—	—	—	—	—	—	—
Total other changes in equity	—	—	2	—	(2)	—	—
Capital increase	—	—	—	—	—	—	—
Reclassification from equity reserves to retained earnings	—	—	—	—	(2)	—	—
Dividend payouts	—	—	—	—	—	—	—
Payouts on additional equity instruments	—	—	—	—	—	—	—
Transfers to/withdrawals from profit available for distribution	—	—	—	—	—	—	—
Changes in group of consolidated companies	—	—	—	—	—	—	—
Capital decreases	—	—	—	—	—	—	—
Other changes	—	—	2	—	—	—	—
Shareholders' equity as at 30/6/2025	2,407	9,791	4,279	(9)	745	(1,074)	8
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 income⁴	—	—	(47)	4	(16)	(35)	5
Unrealised gains/(losses) due to changes in measurement	—	—	(12)	4	(16)	—	—
Gains/(losses) reclassified to the income statement	—	—	—	—	—	—	—
Actuarial gains/(losses) on defined benefit plans	—	—	(35)	—	—	(35)	—
Changes from foreign currency translation	—	—	—	—	—	—	5
Other changes	—	—	—	—	—	—	—
Total other changes in equity	—	—	25	—	(29)	—	—
Capital increase	—	—	—	—	—	—	—
Reclassification from equity reserves to retained earnings	—	—	—	—	(3)	—	—
Dividend payouts	—	—	—	—	—	—	—
Payouts on additional equity instruments	—	—	—	—	—	—	—
Transfers to/withdrawals from profit available for distribution	—	—	—	—	—	—	—
Changes in group of consolidated companies	—	—	25	—	—	—	—
Capital decreases	—	—	—	—	—	—	—
Other changes	—	—	—	—	(26)	—	—
Shareholders' equity as at 30/6/2024	2,407	9,791	4,297	(30)	777	(1,160)	23

1 The Shareholders' Meeting of 25 March 2025 resolved to distribute the 2024 profit available for distribution in the amount of €1,920 million to our sole shareholder UniCredit S.p.A. (UniCredit), Milan, Italy. This represents a dividend of around €2.39 per share.

The Shareholders' Meeting of 25 March 2024 resolved to distribute the 2023 profit available for distribution in the amount of €1,725 million to our sole shareholder UniCredit S.p.A. (UniCredit), Milan, Italy. This represents a dividend of around €2.15 per share.

2 Attributable to the shareholder UniCredit Bank GmbH (HVB).

3 UniCredit Bank GmbH (HVB).

4 Recognised through the statement of total comprehensive income.

€ millions	CHANGE IN MEASUREMENT OF FINANCIAL INSTRUMENTS		PROFIT AVAILABLE FOR DISTRIBUTION ¹	CONSOLIDATED PROFIT 1/1-30/6 ²	TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDER OF HVB ³	ADDITIONAL TIER 1 INSTRUMENTS	MINORITY INTERESTS	TOTAL SHAREHOLDERS' EQUITY
	HEDGE RESERVE	FVTOCI RESERVE						
Shareholders' equity as at 1/1/2025	6	(80)	1,920	—	18,203	1,700	(10)	19,893
Consolidated profit/(loss) recognised in the consolidated income statement	—	—	—	1,161	1,161	—	—	1,161
Total income and expenses recognised in equity through other comprehensive income ⁴	(6)	29	—	—	149	—	—	149
Unrealised gains/(losses) due to changes in measurement	(6)	28	—	—	29	—	—	29
Gains/(losses) reclassified to the income statement	—	1	—	—	1	—	—	1
Actuarial gains/(losses) on defined benefit plans	—	—	—	—	139	—	—	139
Changes from foreign currency translation	—	—	—	—	(20)	—	—	(20)
Other changes	—	—	—	—	—	—	—	—
Total other changes in equity	—	—	(1,920)	—	(1,918)	—	—	(1,918)
Capital increase	—	—	—	—	—	—	—	—
Reclassification from equity reserves to retained earnings	—	—	—	—	—	—	—	—
Dividend payouts	—	—	(1,920)	—	(1,920)	—	—	(1,920)
Payouts on additional equity instruments	—	—	—	—	—	—	—	—
Transfers to/withdrawals from profit available for distribution	—	—	—	—	—	—	—	—
Changes in group of consolidated companies	—	—	—	—	—	—	—	—
Capital decreases	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	2	—	—	2
Shareholders' equity as at 30/6/2025	—	(51)	—	1,161	17,595	1,700	(10)	19,285
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	—	—	—	1,067	1,067	—	—	1,067
Total income and expenses recognised in equity through other comprehensive income ⁴	4	5	—	—	(33)	—	—	(33)
Unrealised gains/(losses) due to changes in measurement	4	9	—	—	1	—	—	1
Gains/(losses) reclassified to the income statement	—	(4)	—	—	(4)	—	—	(4)
Actuarial gains/(losses) on defined benefit plans	—	—	—	—	(35)	—	—	(35)
Changes from foreign currency translation	—	—	—	—	5	—	—	5
Other changes	—	—	—	—	—	—	—	—
Total other changes in equity	—	—	(1,725)	—	(1,700)	—	—	(1,700)
Capital increase	—	—	—	—	—	—	—	—
Reclassification from equity reserves to retained earnings	—	—	—	—	—	—	—	—
Dividend payouts	—	—	(1,725)	—	(1,725)	—	—	(1,725)
Payouts on additional equity instruments	—	—	—	—	—	—	—	—
Transfers to/withdrawals from profit available for distribution	—	—	—	—	—	—	—	—
Changes in group of consolidated companies	—	—	—	—	25	—	—	25
Capital decreases	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	—	—
Shareholders' equity as at 30/6/2024	2	(3)	—	1,067	17,584	1,700	(10)	19,274

Consolidated Cash Flow Statement (abridged version)

€ millions	2025	2024
CASH AND CASH EQUIVALENTS AS AT 1/1	6,905	23,293
CASH FLOW FROM OPERATING ACTIVITIES	3,349	(10,821)
CASH FLOW FROM INVESTING ACTIVITIES	(16)	99
CASH FLOW FROM FINANCING ACTIVITIES	(778)	(1,730)
Effects of exchange rate changes	—	—
Less non-current assets or disposal groups held for sale	—	—
CASH AND CASH EQUIVALENTS AS AT 30/6	9,460	10,841

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.

The current consolidated financial statements comprise UniCredit Bank GmbH and its subsidiaries (HVB Group) and are prepared in euros, which is the reporting currency of the corporate group.

We did not make use of the option of reviewing the present Half-yearly Financial Report of HVB Group provided for under Section 115 (5) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

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 30 June 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 International Financial Reporting Standards (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.

The present Half-yearly Financial Report of HVB Group has been prepared in accordance with the rules defined in the IFRS and complies with IAS 34, which covers interim reporting. Thus, the present Half-yearly Financial Report meets the requirements of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) for the half-yearly financial reporting of capital-market-oriented companies.

The accounting, measurement, and presentation methods applied remained unchanged compared to the previous year, unless adjustments were made in this note or new IFRS regulations were applied in accordance with the note "First-time application of new IFRS accounting standards". These methods are described in the notes to the consolidated financial statements in the 2024 Annual Report.

Net write-downs of loans and provisions for guarantees and commitments

In the first half of 2025, the parameters used to calculate the expected credit losses – Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) – were adjusted in the portfolio allowances (general loan loss provisions - GLLP). These changes are attributable to both business performance and methodical developments. These were supplemented by taking the macroeconomic situation into account.

The overlays were adjusted in the course of the regular review process due to migrations of exposures from a performing to a non-performing status, a reduction in the exposure underlying the overlay and changes in the macroeconomic scenarios. Within the models used to calculate the expected credit losses (ECL), a recalibration of the Loss Given Default (LGD) model was carried out for local portfolios – taking into account an extended time series to reflect the latest development in recovery rates – and a fundamental revision of the Multinational Corporates (MNC) model was conducted with significant model adjustments.

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 2025 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 2025 financial year:

- 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).

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 2026 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 IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” – Amendments to the Classification and Measurement of Financial Instruments (issued on 30 May 2024 / adopted into European law on 27 May 2025). 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 / adopted into European law on 30 June 2025). 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 / adopted into European law on 9 July 2025). The rules are subject to mandatory adoption for the first time for financial years beginning on or after 1 January 2026.

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.

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.

Accounting and Valuation (CONTINUED)

6 Companies included in consolidation

The following company was added to the group of companies included in consolidation for the first time in the first half of 2025:

- Elektra Purchase No. 83 DAC, Dublin

The following companies left the group of companies included in consolidation in the first half of 2025 due to merger:

- UniCredit Leasing Finance GmbH, Hamburg
- UniCredit Leasing GmbH, Hamburg

The following companies left the group of companies included in consolidation in the first half of 2025 for reasons of materiality:

- H.F.S. Immobilienfonds GmbH, München
- Rolin Grundstücksplanungs- und -verwaltungsgesellschaft mbH, München
- V.M.G. Vermietungsgesellschaft mbH, München
- Wealthcap Immobilien 43 Komplementär GmbH, München
- WealthCap Investments, Inc., Atlanta
- Wealthcap Objekt Stuttgart III GmbH & Co KG, München

The deconsolidation of these companies does not have any material impact. The share of these companies in the total assets of the Group stood at 0.002% as at 31 December 2024.

Segment Reporting

7 Changes in segment reporting

In the first half of 2025, HVB Group made the following adjustment to the segmented income statement: The change in disclosure begun in 2023 of the income component customer margin was reclassified to fees for further products. This was originally allocated to trading profit. This reclassification is applied for 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).

Furthermore, the previous year's segmented income statement was adjusted for the respective effects from transferring HVB's trading activities to UniCredit S.p.A., which began in the 2024 reporting year as part of the Trading Engine Centralization in order to ensure comparability with the current reporting period. This caused net interest to increase by €130 million in the previous-year period, while net trading income decreased by €192 million and operating costs by €38 million.

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.

Differences between the segmented income statement and the income statement are addressed in the reconciliation. The change in disclosure in the first half of 2025 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 €199 million in the reporting period (previous-year period: €185 million).

Due to rounding, minor deviations can occur when calculating totals and percentages.

Segment Reporting (CONTINUED)

8 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) 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 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.

The profit of €1 million (previous-year period: €1 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 €1 million (previous-year period: €1 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 period: €17 million).

9 Components of segment reporting by operating segment

Retail operating segment

The Retail operating segment is subdivided into two business areas: “Retail” and “Private”. The Retail business area serves retail customers and small business customers requiring standardised products and advice in all areas of demand with the Private business area serving 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 matters 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 clients. This segment covers the Small & Medium Corporates (SMC) and Large Corporates business areas and serves the entire spectrum of companies, from small and medium-sized to large enterprises as well as corporates in the public sector.

In the SMC business area, we maintain regional presence in the market. In doing so, we use differentiated relationship models to target our corporate clients depending on their respective needs. This enables resources to be distributed in line with heterogeneous market conditions and thus the earnings potential to be effectively exploited in each region.

Segment Reporting (CONTINUED)

Regional coverage of corporate clients includes not only traditional banking services such as payment transactions and lending, but also tailored financing solutions, for example through the use of promotional loans as well as financial risk management solutions. In addition, offerings for special target groups are continuously being developed further, and specialised advisory services, such as in the areas of capital markets and the M&A business, are provided for relevant client groups. The range of services is complemented by cooperation partners, for example in the fields of insurance or leasing.

The Large Corporates business area encompasses large corporate clients with complex service needs, who are managed within the Industry Coverage model. The quality of service in this area lies in leveraging our strengths – a broad product portfolio, in-depth sector expertise and the development of customised client solutions. This enables us to take on a leading role as a core banking partner in our client relationships. The range of products and services includes traditional banking products as well as the full product suite offered by Client Solutions, UniCredit's global product factory, and is further complemented by ESG-related products and advisory solutions.

In addition, the Large Corporates business area covers Financial Institutions (FI), the proprietary Private Investor Products business (PIP) as well as activities in our international network.

In the Financial Institutions business, UniCredit's entire platform is made available to selected FI clients in a simple and efficient manner, with dedicated teams providing service 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. At our international branches, corporate clients as well as Financial Institutions generally have access to the full range of products.

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 in relation to 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 range of innovative products in the areas of trade finance and working capital, thus meeting client needs in connection with transactions in the areas of the optimisation of cash flows and working capital as well as mainly short-term import and export financing.
- Client Risk Management is a client-oriented product area that supports business with UniCredit's corporate and institutional clients 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 clients, corporate clients 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 client needs in connection with transactions in the areas of payment services, account information and liquidity management.

Other business area

The Other business area (Central Functions) combines the remaining areas not directly relating to customers, such as Digital & Operations (CDOO), 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 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 and customer master data, know your customer (KYC) and payments), lending and finance solutions, investment products and insurance solutions, client risk management operations 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, outsourcing and third-party management as well as process management. In addition, CDOO acts as the management unit for local ICT project portfolio and is responsible for HVB's ICT compliance. 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.

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.

Segment Reporting (CONTINUED)

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.

10 Income statement, broken down by operating segment

Income statement, broken down by operating segment for the period from 1 January to 30 June 2025

INCOME/EXPENSES (€ millions)	RETAIL	CORPORATES	OTHER	HVB GROUP
Net interest	461	740	130	1,331
Dividends and other income from equity investments	—	1	—	1
Net fees and commissions	328	587	(26)	889
Net trading income	4	550	65	619
Net other expenses/income	16	13	40	68
OPERATING INCOME	809	1,890	209	2,908
Payroll costs	(160)	(218)	(201)	(580)
Other administrative expenses	(261)	(388)	195	(454)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2)	(4)	(28)	(35)
Operating costs	(424)	(610)	(35)	(1,069)
OPERATING PROFIT/(LOSS)	385	1,280	174	1,840
Net write-downs of loans and provisions for guarantees and commitments	7	(88)	1	(80)
NET OPERATING PROFIT/(LOSS)	392	1,192	175	1,760
Provisions for risks and charges	(4)	(2)	(6)	(11)
Restructuring costs	(5)	(5)	(4)	(13)
Net income from investments	(3)	(1)	3	(1)
PROFIT/(LOSS) BEFORE TAX	381	1,184	169	1,734
Income tax for the period	(121)	(394)	(54)	(568)
PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))	260	790	115	1,166
attributable to the shareholder of UniCredit Bank GmbH	260	790	115	1,166
attributable to minorities	—	—	—	—

Reconciliation of the segmented income statement to the income statement from 1 January to 30 June 2025

INCOME/EXPENSES (€ millions)	INCOME STATEMENT, BROKEN DOWN BY OPERATING SEGMENT	RE- CLASSIFICATION	ACCOUNTING AND VALUATION DIFFERENCES	CONSOLIDATED INCOME STATEMENT
Net interest	1,331	(7)	—	1,324
Reallocation of net interest from specific held-for-trading portfolios		(24)	—	
Compounding of provisions and of provisions for contingent liabilities		(14)	—	
Interest expense for pension provisions		3	—	
Reclassification of credit guarantees for synthetic placements		28	—	
Other effects		—	—	
Dividends and other income from equity investments	1	29	—	30
Dividends from assets mandatorily at FVTPL		29	—	
Net fees and commissions	889	(269)	—	620
Expense for purchased securities services for held-for-trading portfolios		21	—	
Share of commission from the placement of securities and derivatives		(62)	—	
Imputed sales margin for derivatives and FX spot transactions		(199)	—	
Reclassification of credit guarantees for synthetic placements		(28)	—	
Other effects		(1)	—	
Net trading income	619	136	—	755
Financial assets mandatorily at FVTPL		(6)	—	
Financial liabilities designated at FVTPL		19	—	
Net gains/(losses) on the sale of securities (held-for-sale business model)		—	—	
Hedge accounting effects		(6)	—	
Fair value measurement of equity instruments		(88)	—	
Buy-backs of securities issued – recognised at cost		(2)	—	
Net gains/(losses) on the sale of performing securities (hold-to-maturity business model)		(37)	—	
Dividends from assets mandatorily at FVTPL		(29)	—	
Reallocation of net interest from specific held-for-trading portfolios		24	—	
Share of commission from the placement of securities and derivatives		62	—	
Net gains/(losses) on the sale of non-performing securities (hold-to-maturity business model)		—	—	
Imputed sales margin for derivatives and FX spot transactions		199	—	
Net gains/(losses) on financial assets and liabilities at fair value	n/a	81	—	81
Financial assets mandatorily at FVTPL		6	—	
Financial liabilities designated at FVTPL		(19)	—	
Net gains/(losses) on the sale of securities (held-for-sale business model)		—	—	
Hedge accounting effects		6	—	
Fair value measurement of equity instruments		88	—	
Net gains/(losses) on non consolidated subsidiaries mandatorily at FVTPL		—	—	
Net gains/(losses) on derecognition of financial instruments measured at cost	n/a	39	—	39
Net gains/(losses) on the sale of performing loans and receivables, and securities (hold-to-maturity business model)		37	—	
Buy-backs of securities issued – recognised at cost		2	—	
Net other expenses/income	68	(15)	7	62
Net gains/(losses) on the sale of performing loans and receivables (hold-to-maturity business model)		—	—	
Net gains/(losses) on the valuation/disposal of investment properties		(1)	—	
Net gains/(losses) on the valuation of inventories		(3)	—	
Bank levy		—	—	
Adjustment of managerial scope of consolidation		—	7	
Other effects		(11)	—	
OPERATING INCOME	2,908	(6)	7	2,911

Segment Reporting (CONTINUED)

INCOME/EXPENSES (€ millions)	INCOME STATEMENT, BROKEN DOWN BY OPERATING SEGMENT	RE- CLASSIFICATION	ACCOUNTING AND VALUATION DIFFERENCES	CONSOLIDATED INCOME STATEMENT
Payroll costs	(580)	(2)	(3)	(586)
Adjustment of managerial scope of consolidation		—	2	
Interest expense for pension provisions		(3)	—	
Compounding of provisions		1	—	
Other effects		—	(5)	
Other administrative expenses	(454)	(18)	(9)	(481)
Adjustment of managerial scope of consolidation		—	(9)	
Deposit guarantee scheme		(9)	—	
Compounding of provisions		—	—	
Expense for purchased securities services for held-for-trading portfolios		(21)	—	
Depreciation on leasehold improvements in buildings		2	—	
Other effects		10	—	
Amortisation, depreciation and impairment losses on intangible and tangible assets	(35)	2	—	(34)
Depreciation on leasehold improvements in buildings		(2)	—	
Net write-ups and write-downs on land and buildings		4	—	
Other effects		—	—	
Operating costs	(1,069)	(18)	(12)	(1,101)
OPERATING PROFIT/(LOSS)	1,840	(24)	(5)	1,810
Net write-downs of loans and provisions for guarantees and commitments	(80)	4	—	(76)
Impairments/writebacks of securities at cost and at FVTOCI		—	—	
Net gains/(losses) on the sale of non-performing securities (hold-to-maturity business model)		—	—	
Compounding of provisions for contingent liabilities		2	—	
Valuation allowances relating to group-affiliated companies in Russia		—	—	
Other effects		2	—	
NET OPERATING PROFIT/(LOSS)	1,760	(20)	(5)	1,734
Provisions for risks and charges	(11)	11	—	(1)
Bank levy and deposit guarantee scheme		9	—	
Compounding of provisions		2	—	
Restructuring costs	(13)	9	—	(4)
Compounding of provisions		9	—	
Net income from investments	(1)	1	—	n/a
Impairments/writebacks of securities at cost and at FVTOCI		—	—	
Net gains/(losses) on the valuation/disposal of investment properties		1	—	
Net gains/(losses) on the valuation of inventories		3	—	
Net gains/(losses) on remeasurement of consolidated companies		1	—	
Net gains/(losses) on non consolidated subsidiaries mandatorily at FVTPL		—	—	
Unscheduled write-ups and write-downs on land and buildings		(4)	—	
Other effects		—	—	
Net gains/(losses) on remeasurement of consolidated companies	n/a	(1)	—	(1)
PROFIT/(LOSS) BEFORE TAX	1,734	—	(5)	1,728
Income tax for the period	(568)	—	—	(567)
Tax on valuation allowances relating to group-affiliated companies in Russia		—	—	
Differences arising from the adjustment of the estimated deferred taxes between UniCredit and HVB		—	—	
Other effects		—	—	
PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))	1,166	—	(5)	1,161
attributable to the shareholder of UniCredit Bank GmbH	1,166	—	(5)	1,161
attributable to minorities	—	—	—	—

Income statement, broken down by operating segment for the period from 1 January to 30 June 2024

INCOME/EXPENSES (€ millions)	RETAIL	CORPORATES	OTHER	HVB GROUP
Net interest	450	807	126	1,382
Dividends and other income from equity investments	—	1	—	1
Net fees and commissions	298	610	(21)	888
Net trading income	5	464	39	509
Net other expenses/income	11	2	26	39
OPERATING INCOME	764	1,884	171	2,819
Payroll costs	(165)	(226)	(198)	(588)
Other administrative expenses	(256)	(401)	190	(467)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(3)	(3)	(29)	(36)
Operating costs	(423)	(630)	(37)	(1,091)
OPERATING PROFIT/(LOSS)	341	1,254	134	1,729
Net write-downs of loans and provisions for guarantees and commitments	2	(140)	2	(135)
NET OPERATING PROFIT/(LOSS)	343	1,114	136	1,594
Provisions for risks and charges	(7)	2	(2)	(6)
Restructuring costs	(7)	(6)	—	(12)
Net income from investments	(5)	(2)	(14)	(22)
PROFIT/(LOSS) BEFORE TAX	324	1,109	120	1,553
Income tax for the period	(101)	(361)	(37)	(499)
PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))	223	748	83	1,053
attributable to the shareholder of UniCredit Bank GmbH	223	748	83	1,053
attributable to minorities	—	—	—	—

Segment Reporting (CONTINUED)

Development of the Retail operating segment

INCOME/EXPENSES (€ millions)	1/1-30/6/2025	1/1-30/6/2024
Net interest	461	450
Dividends and other income from equity investments	—	—
Net fees and commissions	328	298
Net trading income	4	5
Net other expenses/income	16	11
OPERATING INCOME	809	764
Payroll costs	(160)	(165)
Other administrative expenses	(261)	(256)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(2)	(3)
Operating costs	(424)	(423)
OPERATING PROFIT/(LOSS)	385	341
Net write-downs of loans and provisions for guarantees and commitments	7	2
NET OPERATING PROFIT/(LOSS)	392	343
Provisions for risks and charges	(4)	(7)
Restructuring costs	(5)	(7)
Net income from investments	(3)	(5)
PROFIT/(LOSS) BEFORE TAX	381	324
Income tax for the period	(121)	(101)
PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))	260	223
attributable to the shareholder of UniCredit Bank GmbH	260	223
attributable to minorities	—	—
Cost-income ratio in % (Ratio of operating costs to operating income)	52.4	55.4

The Retail operating segment achieved an operating profit (before net write-downs of loans and provisions for guarantees and commitments) of €385 million in the first half of 2025, which is a noticeable rise of €44 million (+12.9%) over the same period in the previous year.

Operating income amounted to €809 million, which represents a moderate increase of €45 million over the previous year's level of €764 million. At €461 million, the net interest included in operating income was up by €11 million (+2.4%) and virtually unchanged compared with the previous year's level of €450 million. Net interest from the lending business totalled €126 million and was thus virtually unchanged at the previous year's level of €129 million. Net interest generated in the deposit-taking business also remained virtually unchanged at €299 million (+1.7%) compared with the €294 million in the same period in the previous year, despite a very challenging environment.

Net fees and commissions increased noticeably by €30 million to €328 million compared with the previous-year period. This increase was mainly driven by noticeably higher income from the securities business (+11.7%) and a moderate increase in income from payment transactions (+6.9%).

Net trading income amounted to €4 million (previous year: €5 million).

Net other expenses/income showed income of €16 million for the reporting period, which represents a significant increase of €5 million compared with the previous-year period.

Operating costs remained virtually unchanged at €424 million compared with €423 million in the previous-year period. This was due to reduced payroll costs, which decreased moderately by €5 million to €160 million compared with the previous-year period and other administrative expenses, which saw a moderate increase of €5 million to €261 million compared with the previous-year period. The main reason for these developments were higher expenses for charged-back office activities.

The cost-income ratio improved to 52.4% in the reporting period, compared with 55.4% in the previous-year period.

The item “Net write-downs of loans and provisions for guarantees and commitments” showed a net reversal of €7 million in the reporting period compared with a net reversal of €2 million in the previous-year period. Additions to specific loan loss provisions were offset by net reversals of general loan loss provisions on the lending portfolio.

Net operating profit totalled €392 million in the reporting period, which is a noticeable increase of €49 million on the €343 million generated in the previous-year period.

There were net expenses of €4 million from provisions for risks and charges in the reporting period compared with €7 million in the previous-year period.

In the reporting period, restructuring costs decreased significantly by €2 million, from a net addition of €7 million in the previous-year period to €5 million in the reporting period.

Net income from investments reported a negative result of minus €3 million compared with a negative result of minus €5 million in the previous-year period.

Overall, the Retail operating segment generated profit before tax of €381 million in the reporting period, which is significantly higher than the profit of €324 million in the previous-year period. This improvement was driven by the increase in operating income, positive net write-downs of loans and provisions for guarantees and commitments due to net reversals, the significant reduction in expenses for provisions and restructuring costs coupled with the significant improvement in net income from investments.

The expense for the income tax for the period totalled €121 million in the reporting period, which is significantly higher than the expense of €101 million in the previous-year period due to the significant increase in profit before tax.

The Retail operating segment reported profit after tax of €260 million for the first half of 2025. This is significantly higher than the comparative figure of €223 million in the previous-year period. At 39.7%, the RoAC (Return on Allocated Capital) was significantly higher than the figure of 34.2% reported for the previous-year period.

Segment Reporting (CONTINUED)

Development of the Corporates operating segment

INCOME/EXPENSES (€ millions)	1/1-30/6/2025	1/1-30/6/2024
Net interest	740	807
Dividends and other income from equity investments	1	1
Net fees and commissions	587	610
Net trading income	550	464
Net other expenses/income	13	2
OPERATING INCOME	1,890	1,884
Payroll costs	(218)	(226)
Other administrative expenses	(388)	(401)
Amortisation, depreciation and impairment losses on intangible and tangible assets	(4)	(3)
Operating costs	(610)	(630)
OPERATING PROFIT/(LOSS)	1,280	1,254
Net write-downs of loans and provisions for guarantees and commitments	(88)	(140)
NET OPERATING PROFIT/(LOSS)	1,192	1,114
Provisions for risks and charges	(2)	2
Restructuring costs	(5)	(6)
Net income from investments	(1)	(2)
PROFIT/(LOSS) BEFORE TAX	1,184	1,109
Income tax for the period	(394)	(361)
PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))	790	748
attributable to the shareholder of UniCredit Bank GmbH	790	748
attributable to minorities	—	—
Cost-income ratio in % (Ratio of operating costs to operating income)	32.3	33.4

The Corporates operating segment achieved an operating profit (before net write-downs of loans and provisions for guarantees and commitments) of €1,280 million in the first half of 2025, which is €26 million (+2.1%) higher than the figure in the previous-year period and thus virtually unchanged.

At €1,890 million, operating income increased by €6 million (+0.3%) and was thus virtually unchanged compared with the previous year's level of €1,884 million. Within this total, net interest declined noticeably by €67 million to €740 million compared with the same period last year, mainly driven by the negative impact of lower market interest rates in the deposit-taking business. Higher volumes were unable to offset the decline in margins.

The item "Dividends and similar income from capital investments" amounted to €1 million, remaining unchanged from the previous year.

Net fees and commissions declined by €23 million (-3.8%) to €587 million (previous-year period: €610 million), which represents a moderate decrease compared with the previous-year period. This development was primarily due to lower income from financing activities.

Net trading income increased significantly by €86 million to €550 million compared with the previous-year period. This was mainly driven by income from lively business in connection with the customer-driven demand for equity and commodity products.

Net other expenses/income amounted to €13 million, which is significantly above the figure of €2 million posted for the previous-year period. Key drivers included an IT fee refund, income from interest claims related to a settled legal dispute and a liability in the previous-year period from a recovery note.

Operating costs totalled €610 million in the reporting period, which is €20 million (-3.2%) lower than the €630 million in the previous-year period. Payroll costs declined moderately by €8 million (-3.5%) to €218 million due to lower staffing levels. At €388 million, other administrative expenses decreased by €13 million (-3.2%) compared with the figure of €401 million in the previous-year period, mainly due to lower IT service costs. Depreciation and amortisation increased significantly by €1 million (+33.3%) to €4 million compared with the previous-year period.

The cost-income ratio improved moderately to 32.3% in the first half of 2025, compared with 33.4% in the previous-year period, mainly due to lower costs.

With a net addition of €88 million, the item "Net write-downs of loans and provisions for guarantees and commitments" improved significantly by €52 million compared with a net addition of €140 million in the previous-year period. In the reporting period, high additions to specific loan loss provisions were partially offset by reversals of general loan loss provisions.

Net operating profit totalled €1,192 million in the first half of 2025, which is a moderate increase of €78 million on the net profit of €1,114 million posted for the previous-year period.

In the reporting period, there were net additions of €2 million to provisions for risks and charges, compared with reversals of €2 million in the previous-year period. The decline is largely due to credit-related reversals in the previous-year period.

There was a significant decrease in restructuring costs by €1 million from €6 million in the previous-year period to €5 million in the reporting period. The costs in the reporting year were caused by the compounding of interest.

Net income from investments reported a negative result of minus €1 million in the reporting period., which is significantly better than the minus €2 million generated in the previous-year period.

Overall, the Corporates operating segment generated a profit before tax of €1,184 million in the first half of 2025, which is a moderate increase on the profit of €1,109 million in the previous-year period. This was mainly due to lower costs and significantly lower additions to net write-downs of loans and provisions on guarantees and commitments.

The expense for income tax for the period totalled €394 million in the reporting period, which is noticeably higher than the expense of €361 million in the previous-year period due to the higher profit before tax.

The Corporates operating segment reported profit after tax of €790 million for the first half of 2025, which is moderately higher than the profit of €748 million in the previous-year period. The RoAC stood at 20.5%, which is a noticeable increase on the respective figure of 19.1% in the previous-year period.

Segment Reporting (CONTINUED)

Development of the Other operating segment

INCOME/EXPENSES (€ millions)	1/1-30/6/2025	1/1-30/6/2024
Net interest	130	126
Dividends and other income from equity investments	—	—
Net fees and commissions	(26)	(21)
Net trading income	65	39
Net other expenses/income	40	26
OPERATING INCOME	209	171
Payroll costs	(201)	(198)
Other administrative expenses	195	190
Amortisation, depreciation and impairment losses on intangible and tangible assets	(28)	(29)
Operating costs	(35)	(37)
OPERATING PROFIT/(LOSS)	174	134
Net write-downs of loans and provisions for guarantees and commitments	1	2
NET OPERATING PROFIT/(LOSS)	175	136
Provisions for risks and charges	(6)	(2)
Restructuring costs	(4)	—
Net income from investments	3	(14)
PROFIT/(LOSS) BEFORE TAX	169	120
Income tax for the period	(54)	(37)
PROFIT/(LOSS) AFTER TAX (CONSOLIDATED PROFIT/(LOSS))	115	83
attributable to the shareholder of UniCredit Bank GmbH	115	83
attributable to minorities	—	—
Cost-income ratio in % (Ratio of operating costs to operating income)	16.7	21.6

In the first half year of 2025, the Other operating segment generated operating profit (before net write-downs of loans and provisions for guarantees and commitments) of €174 million, which is thus a significant €40 million higher (+29.9%) than in the previous-year period.

At €209 million, there was a significant increase of €38 million in operating income compared with the previous year's level of €171 million. Net interest in the amount of €130 million in the reporting period rose moderately by €4 million compared with the €126 million in the previous-year period.

At minus €26 million, net fees and commissions fell significantly by €5 million compared with the figure of minus €21 million posted for the previous-year period. This decline is mainly due to the negative development of minus €4 million in the Bank's Treasury area.

At €65 million, net trading income improved significantly by €26 million compared with the previous-year period. This increase is largely driven by the positive development of €17 million in the Bank's Treasury area.

Net other expenses/income come to €40 million which is significantly higher than the €26 million in the previous-year period. This is primarily attributable to the reversal of provisions for cross-border leases in the amount of €16 million and additionally €4 million as a result of terminating these lease agreements.

At €35 million, operating costs are moderately lower by €2 million compared with the €37 million in the previous-year period. This is primarily due to lower real estate costs as well as depreciation and amortisation, which, compared with the previous-year period, fell noticeably by €8 million from €81 million to €73 million.

In the reporting period, there was a significant improvement to 16.7% in the cost-income ratio after 21.6% in the previous-year period.

The item “Net write-downs of loans and provisions for guarantees and commitments” reports a net reversal of €1 million compared with a net reversal of €2 million in the previous-year period.

In the reporting period, net operating profit totals €175 million, which is a significant €39 million increase on the figure of €136 million posted for the previous-year period.

In the reporting period, there was a net expense of €6 million from provisions for risks and charges after a net expense of €2 million in the previous-year period.

Restructuring costs total €4 million in the reporting period compared with costs of €0 million in the previous-year period.

Net income from investments posts a significant increase of €17 million with income of €3 million in the reporting period compared with net income from investments with an expense of €14 million in the previous-year period. This development is largely driven by the fair value measurements of properties.

Overall, the Other operating segment reported profit before tax of €169 million in the reporting period, which was thus significantly higher than the profit of €120 million generated in the previous-year period. The reason for this is the significant increase in operating income.

In the reporting period, an expense of €54 million was incurred for income tax for the period compared with an expense of €37 million in the previous-year period.

The Other operating segment reports profit after tax of €115 million for the reporting period, which is significantly higher than the comparative figure of €83 million in the previous-year period. At 40.7%, the RoAC is higher than the respective figure of 18.0% in the previous-year period. The main reason for this development was the significant rise in operating income.

Segment Reporting (CONTINUED)

11 Balance sheet figures, broken down by operating segment

€ millions	RETAIL	CORPORATES	OTHER	HVB GROUP
Loans and receivables with customers (at cost)¹				
30/6/2025	32,306	92,842	5,616	130,765
31/12/2024	31,953	94,110	2,288	128,351
Deposits from customers				
30/6/2025	55,942	65,305	15,363	136,610
31/12/2024	58,402	72,861	11,389	142,652
Risk-weighted assets (including equivalents for market risk and operational risk)				
30/6/2025	9,925	57,158	2,175	69,258
31/12/2024	9,176	53,633	2,403	65,213

1 "Loans and receivables with customers (at cost)" do not contain any securities holdings for internal management purposes.

Notes to the Income Statement

12 Net interest

€ millions	1/1-30/6/2025	1/1-30/6/2024
Interest income	3,579	4,549
from financial assets at cost	3,193	3,799
from financial assets at FVTOCI	191	125
from financial assets at FVTPL and hedging derivatives	59	223
from financial assets held for trading	117	380
other interest income	19	22
Negative interest on financial assets	(1)	(2)
Interest expense	(2,255)	(3,277)
from financial liabilities at cost	(1,652)	(2,289)
of which from lease liabilities	—	(1)
from financial liabilities at FVTPL and hedging derivatives	(396)	(545)
from financial liabilities held for trading	(189)	(408)
other interest expense	(18)	(35)
Negative interest on financial liabilities	1	1
Net interest	1,324	1,271

Net interest in the reporting period amounted to €1,324 million, compared with €1,271 million in the previous-year Period. This is due to the significantly reduced refinancing costs for trading activities as a result of advances in Trading Engine Centralization (TEC), which more than offset the normalisation of the interest rate environment and interest margins.

In the reporting period, other interest expense includes effects from the compounding of interest on provisions totalling €13 million (previous-year period: €21 million).

Net interest attributable to related parties

The item "Net interest" includes the following amounts attributable to related parties:

€ millions	1/1-30/6/2025	1/1-30/6/2024
Non-consolidated affiliates	(364)	(94)
of which:		
UniCredit S.p.A.	(359)	(101)
sister companies	(5)	7
subsidiaries	—	—
Joint ventures	—	—
Associates	1	1
Other investees	3	4
Total	(360)	(89)

13 Dividends and other income from equity investments

€ millions	1/1-30/6/2025	1/1-30/6/2024
Dividends and other similar income	29	26
Companies accounted for using the equity method	1	1
Total	30	27

Notes to the Income Statement (CONTINUED)

14 Net fees and commissions

€ millions	1/1-30/6/2025	1/1-30/6/2024
Fee and commission income	789	871
Securities services for customers	371	421
Payment transactions	162	161
Lending business	86	124
Guarantees	81	81
Distribution of third-party products	62	58
Other commission income	27	26
Fee and commission expense	(169)	(201)
Securities services for customers	(67)	(123)
Payment transactions	(36)	(38)
Lending business	(1)	(4)
Guarantees	(32)	(6)
Distribution of third-party products	—	—
Other commission expense	(33)	(30)
Net fees and commissions	620	670

Net fees and commissions from related parties

The item "Net fees and commissions" includes the following amounts attributable to related parties:

€ millions	1/1-30/6/2025	1/1-30/6/2024
Non-consolidated affiliates	(7)	(17)
of which:		
UniCredit S.p.A.	(3)	(14)
sister companies	(4)	(3)
subsidiaries	—	—
Joint ventures	—	—
Associates	—	—
Other investees	—	—
Total	(7)	(17)

15 Net trading income

Net trading income totals €755 million in the reporting period (previous-year period: €941 million).

The main reason for the decline in trading income is the knock-on effect of the trading engine centralisation, specifically the transfer of a portfolio of interest-bearing securities as a part of the first tranche in the second half of 2024 to UniCredit S.p.A. A corresponding positive countereffect is seen in net interest. In the first half of 2025, particularly income from strong customer-driven business with equity and commodity products had a positive impact on net trading income.

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 reduction of these valuation discounts in connection with the fair value measurement in the first half of 2025 had a positive effect and resulted in income of €29 million (previous-year period: €18 million).

16 Net gains/losses on financial assets and liabilities at fair value

€ millions	1/1-30/6/2025	1/1-30/6/2024
Financial assets mandatorily at FVTPL	6	(31)
Financial liabilities designated at FVTPL	(19)	71
Derecognition from other comprehensive income	—	6
Hedge accounting effects	6	(150)
Fair value equity	88	26
Total	81	(78)

The following table shows the hedge accounting effects:

€ millions	1/1-30/6/2025	1/1-30/6/2024
Fair value hedges	6	(150)
Changes in fair value of hedged items	(522)	38
Portfolio fair value hedges	(608)	144
Micro fair value hedges	86	(106)
Changes in fair value of hedging instruments	528	(188)
Portfolio fair value hedges	615	(220)
Micro fair value hedges	(87)	32
Cash flow hedges	—	—
Net gains/(losses) on cash flow hedges (only ineffective part)	—	—
Total	6	(150)

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 30/6/2025								
Nominal								
Hedged items								
EUR	318	6,623	3,816	—	—	—	—	—
USD	385	1,659	856	—	—	—	—	—
Hedging transactions								
EUR	318	6,623	3,816	—	—	—	—	—
USD	385	1,652	856	—	—	—	—	—
Interest rate sensitivities in BPV								
Hedged items								
EUR	—	(3)	(2)	—	—	—	—	—
USD	—	—	—	—	—	—	—	—
Hedging transactions								
EUR	—	3	2	—	—	—	—	—
USD	—	—	—	—	—	—	—	—
Carrying amounts								
Hedged items	—	—	—	77	—	13,751	—	—
Hedging transactions	—	—	—	—	—	236	228	—
Hedge result								
Hedged items	—	—	—	—	—	—	—	64
Hedging transactions	—	—	—	—	—	—	—	(64)
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 BPV								
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								
Hedged items	—	—	—	—	—	—	—	3
Hedging transactions	—	—	—	—	—	—	—	193
	—	—	—	—	—	—	—	(190)

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:

€ 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 30/6/2025								
Nominal								
Hedged items								
JPY	—	—	—	—	—	—	—	—
USD	256	404	260	—	—	—	—	—
EUR	—	145	2,479	—	—	—	—	—
Hedging transactions								
JPY	—	—	—	—	—	—	—	—
USD	256	404	260	—	—	—	—	—
EUR	—	145	2,479	—	—	—	—	—
Interest rate sensitivities in BPV								
Hedged items								
JPY	—	—	—	—	—	—	—	—
USD	—	—	—	—	—	—	—	—
EUR	—	—	(2)	—	—	—	—	—
Hedging transactions								
JPY	—	—	—	—	—	—	—	—
USD	—	—	—	—	—	—	—	—
EUR	—	—	2	—	—	—	—	—
Carrying amounts								
Hedged items	—	—	—	10	—	929	—	—
Hedging transactions	—	—	—	—	—	39	50	—
Hedge result								
Hedged items	—	—	—	—	—	—	—	22
Hedging transactions	—	—	—	—	—	—	—	(23)

Notes to the Income Statement (CONTINUED)

	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	
€ millions								
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)

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. There is no offsetting of financial assets and liabilities.

Portfolio fair value hedge

€ 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 30/6/2025								
Interest rate sensitivities in BPV								
Hedged items								
EUR	—	1	(3)	—	—	—	—	—
USD	—	—	—	—	—	—	—	—
CHF	—	—	—	—	—	—	—	—
Hedging transactions								
EUR	—	(1)	3	—	—	—	—	—
USD	—	—	—	—	—	—	—	—
CHF	—	—	—	—	—	—	—	—
Carrying amounts								
Hedged items	—	—	—	(664)	(3,444)	—	—	—
Hedging derivatives	—	—	—	—	—	6,987	9,201	—
Hedge result								7
Hedged items	—	—	—	—	—	—	—	(608)
Hedging transactions	—	—	—	—	—	—	—	615
Balance as at 31/12/2024								
Interest rate sensitivities in BPV								
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

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%).

17 Net gains/losses on derecognition of financial instruments measured at cost

€ millions	1/1-30/6/2025	1/1-30/6/2024
Loans and receivables (performing)	—	(4)
Buy-backs of securities issued and other liabilities	2	1
Promissory notes (assets side)	37	2
Total	39	(1)

The derecognised financial instruments are 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 2025. This development is mainly due to the early sale of securities and the realisation of the corresponding market value effects.

18 Net other expenses/income

€ millions	1/1-30/6/2025	1/1-30/6/2024
Other income	87	73
Sale of land and buildings	—	2
Rental income	21	25
Valuation/disposals of investment properties	6	1
Other	60	45
Other expenses	(25)	(36)
Sale of land and buildings	—	—
Valuation/disposals of investment properties	(8)	(11)
Expenses of investment properties	(4)	(4)
Bank levy	—	—
Other	(13)	(21)
Total	62	37

Net other expenses/income attributable to related parties

The item "Net other expenses/income" includes the following amounts attributable to related parties:

€ millions	1/1-30/6/2025	1/1-30/6/2024
Non-consolidated affiliates	27	24
of which:		
UniCredit S.p.A.	19	15
sister companies	8	9
Joint ventures	—	—
Associates	—	—
Other investees	—	—
Total	27	24

19 Operating costs

€ millions	1/1-30/6/2025	1/1-30/6/2024
Payroll costs	(586)	(612)
Wages and salaries	(477)	(497)
Social security costs	(73)	(81)
Expenses for pensions and similar employee benefits	(36)	(34)
Other administrative expenses	(481)	(525)
Amortisation, depreciation and impairment losses	(34)	(44)
on property, plant and equipment	(17)	(26)
on software and other intangible assets, excluding goodwill	(3)	(2)
on right-of-use assets (leases)	(14)	(16)
Total	(1,101)	(1,181)

Operating costs of related parties

The item "Operating costs" includes the following amounts attributable to related parties:

€ millions	1/1-30/6/2025	1/1-30/6/2024
Non-consolidated affiliates	(265)	(278)
of which:		
UniCredit S.p.A.	(259)	(272)
sister companies	(1)	(1)
subsidiaries	(5)	(5)
Joint ventures	—	—
Associates	—	—
Other investees	—	—
Total	(265)	(278)

Notes to the Income Statement (CONTINUED)

20 Net write-downs of loans and provisions for guarantees and commitments

€ millions	1/1-30/6/2025	1/1-30/6/2024
Additions	(517)	(599)
Allowances for losses on loans and receivables at cost	(411)	(519)
Allowances for losses on loans and receivables at FVTOCI	—	—
Allowances for losses on guarantees and indemnities	(106)	(80)
Reversals	419	451
Allowances for losses on loans and receivables at cost	312	324
Allowances for losses on loans and receivables at FVTOCI	—	—
Allowances for losses on guarantees and indemnities	107	127
Gains/(losses) from non-substantial modification	—	1
Recoveries from write-offs of loans and receivables	18	15
Gains/(losses) on the disposal of impaired loans and receivables	4	—
Total	(76)	(132)

In the reporting period, net additions to net write-downs of loans and provisions for guarantees and commitments totalled €76 million after net additions of €132 million to net write-downs of loans and provisions for guarantees and commitments in the previous-year period. The individual effects are described below.

In the reporting period, a net amount of €171 million in portfolio allowances (general loan loss provisions - GLLP) was reversed following a net reversal of €156 million in the previous-year period. In the first half of 2025, the parameters used to calculate the expected credit losses – Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) – were adjusted. These changes are attributable to both business performance and methodical developments. These were supplemented by taking the macroeconomic situation into account. 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 linked to energy-intensive industries and tensions regarding US tariffs. On the other hand, these are risks that have arisen especially in the commercial real estate and construction industry (CRE) as a result of higher construction costs, a decline in orders, falling property prices and lower rental income.

The following reversals and additions were recognised within general loan-loss provisions in the reporting period: The overlays were adjusted in the course of the regular review process due to migrations of exposures from a performing to a non-performing status, a reduction in the exposure underlying the overlay and changes in the macroeconomic scenarios. Within the models used to calculate the expected credit losses (ECL), a recalibration of the Loss Given Default (LGD) model for local portfolios – taking into account an extended time series to reflect the latest development in recovery rates – and a fundamental revision of the Multinational Corporates (MNC) model with significant model adjustments contributed significantly to reversals within the GLLP. Recalibrations of the PD models including an extension of the time series also resulted in reversals of GLLP as well as a recalibration of the groupwide UniCredit PD model for banks. A new securitisation scheme contributed further to a reduction in GLLP. The reversal effects were partially offset by the impact of the updated macroeconomic situation, where a slight deterioration in the outlook resulted in additions to GLLP. Furthermore, a small addition to GLLP resulted from the update of parameters that cover risks in connection with the ESG framework.

In the reporting period, net additions to specific loan-loss provisions totalled €247 million, which is €41 million lower than the net additions of €288 million in the previous-year period. Net additions in the first half of the year were largely impacted by additions to specific loan-loss provisions on account of defaults in the reporting period, which, however, were lower than in previous-year period.

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	1/1-30/6/2025	1/1-30/6/2024
Non-consolidated affiliates	—	—
of which:		
UniCredit S.p.A.	—	—
sister companies	—	—
Joint ventures	—	—
Associates	—	—
Other investees	—	—
Total	—	—

21 Provisions for risks and charges

In the reporting period, net expenses from allocations to provisions for risks and charges amounted to €1 million. In the previous-year period, there was net income from the reversal of provisions of €20 million. There were no material individual items in the reporting period or in the previous-year period.

22 Restructuring costs

In the reporting period, net expenses of €4 million were incurred for restructuring costs compared with net income of €2 million in the previous-year period. There were no material individual items in the reporting period or in the previous-year period.

23 Net gains/losses on remeasurement of consolidated companies

€ millions	1/1-30/6/2025	1/1-30/6/2024
Shares in affiliates	—	(1)
Disposal of companies accounted for using the equity method	—	—
Net gains/(losses) on companies accounted for using the equity method	(1)	(1)
Total	(1)	(2)

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.

Notes to the Balance Sheet

24 Cash and cash balances

€ millions	30/6/2025	31/12/2024
Cash on hand	348	419
Balances with central banks	9,112	6,486
Total	9,460	6,905

25 Financial assets held for trading

€ millions	30/6/2025	31/12/2024
On-balance sheet financial instruments	25,377	22,943
Fixed-income securities	3,148	2,512
Equity instruments	8,503	9,098
Other financial assets held for trading	13,726	11,333
Positive fair values of derivative financial instruments	43,123	45,413
Total	68,500	68,356
of which subordinated assets	20	22

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. In connection with the centralisation of trading activities within UniCredit, derivative financial instruments classified as currency derivatives with external counterparties were transferred to UniCredit S.p.A. in the first half of 2025. Furthermore, new back-to-back derivatives with UniCredit S.p.A. had an impact.

Financial assets held for trading of related parties

The item "Financial assets held for trading" includes the following amounts attributable to related parties:

€ millions	30/6/2025	31/12/2024
Non-consolidated affiliates	22,002	20,740
of which:		
UniCredit S.p.A.	21,671	20,164
sister companies	331	576
Joint ventures	—	—
Associates	584	17
Other investees	1	—
Total	22,587	20,757

26 Financial assets at FVTPL

€ millions	30/6/2025	31/12/2024
Fixed-income securities	546	857
Equity instruments	838	752
Loans and promissory notes	1,291	784
Other	65	70
Total	2,740	2,463
of which:		
subordinated loans and receivables	1	—
past-due loans and receivables	—	—

27 Financial assets at FVTOCI

Financial assets at FVTOCI total €13,849 million as at the reporting date (previous year: €13,896 million).

Changes in carrying amounts

€ millions	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
Balance as at 1/1/2025	13,896	—	—	—	13,896
Transfers to another stage due to deterioration in credit quality	(433)	433	—	—	—
Transfers to another stage due to improvement in credit quality	—	—	—	—	—
Changes due to modification not leading to derecognition	—	—	—	—	—
Changes within the stage (net) ¹	(137)	90	—	—	(47)
Derecognition (due to uncollectibility)	—	—	—	—	—
Other changes	—	—	—	—	—
Balance as at 30/6/2025	13,326	523	—	—	13,849
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

¹ Changes within the stage (net) include additions from purchases and disposals from sales and repayments.

The impairment of securities holdings totals €0 million (previous year: €0 million). The impairment changed by €0 million in the reporting year (previous year: €0 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.

Notes to the Balance Sheet (CONTINUED)

28 Loans and receivables with banks (at cost)

€ millions	30/6/2025	31/12/2024
Current accounts	1,105	757
Cash collateral and pledged credit balances	4,368	8,161
Reverse repos	6,337	4,931
Securities	9,134	8,695
Other loans to banks	2,056	1,645
Non-performing loans and receivables	29	30
Total	23,029	24,219
of which subordinated assets	—	—

Other loans to banks consist mostly of term deposits and bonds.

Changes in gross carrying amounts

€ millions	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
Balance as at 1/1/2025	24,081	110	78	33	24,302
Addition due to new business	7,483	—	—	—	7,483
Change in carrying amount within the stage	(2,822)	(11)	(2)	—	(2,835)
Transfers to another stage due to deterioration in credit quality	(248)	248	—	—	—
from Stage 1 to Stage 2	(248)	248	—	—	—
from Stage 2 to Stage 3	—	—	—	—	—
from Stage 1 to Stage 3	—	—	—	—	—
Transfers to another stage due to improvement in credit quality	26	(26)	—	—	—
from Stage 2 to Stage 1	26	(26)	—	—	—
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	(5,657)	(98)	(2)	—	(5,757)
Disposals due to write-offs/write downs of loans and receivables	—	—	—	—	—
Foreign currency movements and other changes	(97)	13	(1)	—	(85)
Balance as at 30/6/2025	22,766	236	73	33	23,108
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

Changes in allowances

€ millions	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
Balance as at 1/1/2025	1	1	57	24	83
Addition due to new business	—	—	—	—	—
Change in carrying amount within the same stage	—	—	—	—	—
Transfers to another stage due to deterioration in credit quality	—	1	—	—	1
from Stage 1 to Stage 2	—	1	—	—	1
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 recognized in profit or loss	—	—	—	—	—
Changes due to modification of assets not leading to derecognition	—	—	—	—	—
Disposals (reversal due to disposal of receivable)	—	—	—	—	—
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)	(4)	—	(5)
Balance as at 30/6/2025	1	1	53	24	79
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 recognized 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

Notes to the Balance Sheet (CONTINUED)

Loans and receivables with related parties

The item “Loans and receivables with banks (at cost)” includes the following amounts attributable to related parties:

€ millions	30/6/2025	31/12/2024
Non-consolidated affiliates	871	1,259
of which:		
UniCredit S.p.A.	794	1,229
sister companies ¹	77	30
Joint ventures	—	—
Associates	191	73
Other investees	10	39
Total	1,072	1,371

¹ Mainly due from UniCredit Bank Austria AG.

29 Loans and receivables with customers (at cost)

€ millions	30/6/2025	31/12/2024
Current accounts	7,702	7,004
Cash collateral and pledged cash balances	2,181	2,021
Reverse repos	4,817	1,752
Mortgage loans	53,655	53,342
Finance lease receivables	215	232
Securities	37,931	35,781
Other loans and receivables	58,951	60,581
Non-performing loans and receivables	1,995	1,852
Total	167,447	162,565
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 €4,614 million (previous year: €4,753 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.

Changes in gross carrying amounts

€ millions	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
Balance as at 1/1/2025	149,958	11,265	2,973	55	164,251
Addition due to new business	21,636	—	—	44	21,680
Change in carrying amount within the stage	6,194	819	171	33	7,217
Transfers to another stage due to deterioration in credit quality	(5,413)	4,758	655	—	—
from Stage 1 to Stage 2	(5,288)	5,288	—	—	—
from Stage 2 to Stage 3	—	(530)	530	—	—
from Stage 1 to Stage 3	(125)	—	125	—	—
Transfers to another stage due to improvement in credit quality	3,087	(2,980)	(107)	—	—
from Stage 2 to Stage 1	3,066	(3,066)	—	—	—
from Stage 3 to Stage 2	—	86	(86)	—	—
from Stage 3 to Stage 1	21	—	(21)	—	—
Increase reported directly in equity in gross carrying amounts for interest claims not recognised in profit or loss	—	—	70	—	70
Changes due to modification of assets not leading to derecognition	—	(3)	1	—	(2)
Disposals due to repayments/sales	(21,365)	(1,649)	(511)	—	(23,525)
Disposals due to write-offs/write downs of loans and receivables	—	—	(81)	—	(81)
Foreign currency movements and other changes	(456)	(19)	(18)	—	(493)
Balance as at 30/6/2025	153,641	12,191	3,153	132	169,117
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

Notes to the Balance Sheet (CONTINUED)

Changes in allowances

€ millions	STAGE 1	STAGE 2	STAGE 3	POCI	TOTAL
Balance as at 1/1/2025	136	374	1,175	1	1,686
Addition due to new business	24	—	—	—	24
Change in carrying amount within the same stage	(37)	(41)	81	—	3
Transfers to another stage due to deterioration in credit quality	(22)	47	208	—	233
from Stage 1 to Stage 2	(22)	85	—	—	63
from Stage 2 to Stage 3	—	(38)	186	—	148
from Stage 1 to Stage 3	—	—	22	—	22
Transfers to another stage due to improvement in credit quality	9	(85)	(12)	—	(88)
from Stage 2 to Stage 1	9	(88)	—	—	(79)
from Stage 3 to Stage 2	—	3	(11)	—	(8)
from Stage 3 to Stage 1	—	—	(1)	—	(1)
Increase in impairment reported directly in equity for interest claims not recognized in profit or loss	—	—	70	—	70
Changes due to modification of assets not leading to derecognition	—	—	—	—	—
Change of Model	—	—	—	—	—
Disposals (reversal due to disposal of receivables)	(8)	(15)	(111)	—	(134)
Disposals (utilisation of impairments)	—	—	(74)	—	(74)
Reversal of the discounted amount and recognition of interest claims not previously recognised in profit or loss	—	—	(44)	—	(44)
Foreign currency movements and other changes	—	(2)	(4)	—	(6)
Balance as at 30/6/2025	102	278	1,289	1	1,670
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 recognized 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

In the first half of 2025, portfolio allowances (Stage 1 and Stage 2) for loans and receivables with customers declined by €130 million.

In the reporting period, the parameters used to calculate the expected credit losses – Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) – were adjusted. These changes are attributable to both business performance and methodical developments. These were supplemented by taking the macroeconomic situation into account. 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 and on the other hand, they are risks that have arisen especially in the commercial real estate and construction industry (CRE).

The overlays were adjusted in the course of the regular review process due to migrations of exposures from a performing to a non-performing status, a reduction in the exposure underlying the overlay and changes in the macroeconomic scenarios. Within the models used to calculate the expected credit losses (ECL), a recalibration of the Loss Given Default (LGD) model for local portfolios – taking into account an extended time series to reflect the latest development in recovery rates – and a fundamental revision of the Multinational Corporates (MNC) model with significant model adjustments contributed significantly to reversals within the general loan loss provisions (GLLP). Recalibrations of the PD models including an extension of the time series also resulted in reversals of GLLP as well as a recalibration of the groupwide UniCredit PD model for banks. A new securitisation scheme contributed further to a reduction in GLLP. The reversal effects were partially offset by the impact of the updated macroeconomic situation, where a slight deterioration in the outlook resulted in additions to GLLP. Furthermore, a small addition to GLLP resulted from the update of parameters that cover risks in connection with the ESG framework.

In the reporting period, there was a net increase in allowances in stage 3 of €114 million. The increase in the first half of the year was clearly impacted by specific loan loss provisions on account of defaults in the reporting period.

Loans and receivables with related parties

The item “Loans and receivables with customers (at cost)” includes the following amounts attributable to related parties:

€ millions	30/6/2025	31/12/2024
Non-consolidated affiliates	—	—
of which:		
sister companies	—	—
subsidiaries	—	—
Joint ventures	—	—
Associates	—	—
Other investees	270	286
Total	270	286

Notes to the Balance Sheet (CONTINUED)

30 Hedging derivatives – Assets

€ millions	30/6/2025	31/12/2024
Micro fair value hedge	275	731
Portfolio fair value hedge ¹	6,987	7,120
Total	7,262	7,851

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 volume of hedging derivatives on the assets side of the balance sheet decreased mainly due to effects caused by the expiry and renewal of financial instruments. This also led to a decrease in the volume of hedging derivatives on the liabilities.

31 Investments in associates and joint ventures accounted for using the equity method

€ millions	30/6/2025	31/12/2024
Associates accounted for using the equity method	17	17
of which goodwill	—	—
Joint ventures accounted for using the equity method	—	—
Total	17	17

32 Property, plant and equipment

€ millions	30/6/2025	31/12/2024
Land	998	1,024
Buildings	651	649
Plant and office equipment	100	107
Right-of-use assets (leases)	103	112
of which land and buildings	96	106
Total	1,852	1,892

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 1/1/2025	1,024	2,273	548	264	4,109
Write-downs and write-ups from previous years	—	(1,624)	(441)	(152)	(2,217)
Carrying amounts as at 1/1/2025	1,024	649	107	112	1,892
Additions					
Acquisition/production costs	—	—	2	7	9
Adjustment due to revaluation in reporting period (OCI)	2	13	—	—	15
Write-ups	—	13	—	1	14
Changes from currency translation	—	—	—	—	—
Other additions ¹	—	—	—	3	3
Disposals					
Sales	—	—	—	(1)	(1)
Adjustment due to revaluation in reporting period (OCI)	(26)	(5)	—	—	(31)
Depreciation and write-downs	—	(13)	(9)	(14)	(36)
Impairments	(2)	(6)	—	—	(8)
Changes from currency translation	—	—	—	(1)	(1)
Non-current assets or disposal groups held for sale	—	—	—	—	—
Other disposals ¹	—	—	—	(4)	(4)
Carrying amounts as at 30/6/2025	998	651	100	103	1,852
Write-downs and write-ups from previous years plus the reporting period	—	1,642	365	151	2,158
Acquisition costs as at 30/6/2025	998	2,293	465	254	4,010
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

¹ Including changes in the group of companies included in consolidation.

Impairments on land and buildings shown under changes in property, plant and equipment for 2025 are attributable to declines in the fair value of land and buildings. For properties, these amount to €6 million (previous year: €12 million) and for land €2 million (previous year: €2 million).

Notes to the Balance Sheet (CONTINUED)

33 Investment properties

Investment properties are measured at fair value. As each property has individual characteristics and the fair value is determined by external expert opinions that take these property-specific features into account, all fair values reported under this balance sheet item are classified as Level 3 in the fair value hierarchy.

The net carrying amount of right-of-use assets from lease agreements classified as investment properties under this balance sheet item is €43 million as at the reporting date (previous year: €44 million).

Changes in investment properties

€ millions	2025	2024
Carrying amounts as at 1/1	179	254
Additions		
Acquisitions	—	1
Valuation gains	6	2
Subsequent expenses	—	4
Changes from currency translation	—	—
Other additions ¹	1	—
Disposals		
Sales	—	—
Valuation losses	(8)	(14)
Changes from currency translation	—	—
Non-current assets or disposal groups held for sale	—	(68)
Other disposals ¹	—	—
Carrying amounts as at 30/6/2025 / 31/12/2024	178	179

¹ Also including changes in the group of companies included in consolidation.

34 Intangible assets

€ millions	30/6/2025	31/12/2024
Internally generated intangible assets	2	2
Other intangible assets	34	37
Total	36	39

HVB no longer generates any software internally. Software is provided to HVB groupwide by UniCredit S.p.A.

35 Non-current assets or disposal groups held for sale

€ millions	30/6/2025	31/12/2024
Cash and cash balances	—	—
Financial assets at FVTPL	—	—
Financial assets at FVTOCI	—	—
Loans and receivables with banks (at cost)	5	3
Loans and receivables with customers (at cost)	—	44
Investments in associates and joint ventures accounted for using the equity method	—	—
Property, plant and equipment	39	40
Investment properties	60	92
Intangible assets	—	—
Tax assets	—	—
Inventories (IAS 2)	—	—
Other assets	2	1
Total	106	180

As of 30 June 2025, 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 first quarter of 2026.
- 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 2026.

Furthermore, HVB has decided to reduce the volume of non-performing loans and receivables with customers by selling them. The decline in loans and advances to customers (at cost) in the year under review is the result of this sales initiative.

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).

In February 2025, the sale of a non-strategic property (Investment Property, Level 2) with a book value of €32 million was completed.

In the reporting year, impairments totalling €1 million were recognised for the property reported under property, plant and equipment (previous year: €5 million).

Notes to the Balance Sheet (CONTINUED)

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.

The following table shows the allocation of the investment properties measured at fair value to the respective fair value level hierarchy:

€ millions	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)	
	2025	2024	2025	2024
Investment properties, classified as non-current assets or disposal groups held for sale	—	32	60	60

Changes in investment properties allocated to Level 3:

€ millions	2025	2024
Carrying amount as at 1/1	60	—
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 30/6/2025 / 31/12/2024	60	60

There were no reclassifications from Level 2 to Level 3.

36 Other assets

Other assets include prepaid expenses of €138 million (previous year: €155 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: €28 million).

37 Deposits from banks

€ millions	30/6/2025	31/12/2024
Deposits from central banks	6,675	1,464
Deposits from banks	36,519	29,012
Current accounts	2,381	2,468
Cash collateral and pledged credit balances	4,513	4,941
Repos	13,045	6,848
Term deposits	2,337	1,727
Other liabilities	14,243	13,028
Total	43,194	30,476

Amounts payable to related parties

The item “Deposits from banks” includes the following amounts attributable to related parties:

€ millions	30/6/2025	31/12/2024
Non-consolidated affiliates	3,653	2,118
of which:		
UniCredit S.p.A.	3,148	1,416
sister companies ¹	505	702
Joint ventures	—	—
Associates	734	106
Other investees	19	19
Total	4,406	2,243

1 Largest single items relate to UniCredit Bank Austria AG.

38 Deposits from customers

€ millions	30/6/2025	31/12/2024
Current accounts	75,225	75,902
Cash collateral and pledged credit balances	2,212	2,575
Savings deposits	3,406	3,662
Repos	6,489	4,120
Term deposits	42,930	50,066
Promissory notes	489	567
Lease liabilities	207	218
Other liabilities	5,859	5,499
Total	136,817	142,609

Amounts payable to related parties

The item “Deposits from customers” includes the following amounts attributable to related parties:

€ millions	30/6/2025	31/12/2024
Non-consolidated affiliates	24	18
of which:		
sister companies	9	5
subsidiaries	15	13
Joint ventures	—	—
Associates	—	—
Other investees	301	316
Total	325	334

Notes to the Balance Sheet (CONTINUED)

39 Debt securities in issue

€ millions	30/6/2025	31/12/2024
Bonds	34,452	33,584
of which:		
registered Mortgage Pfandbriefe	2,789	2,786
registered Public-sector Pfandbriefe	895	953
Mortgage Pfandbriefe	18,199	17,453
Public-sector Pfandbriefe	3,286	2,271
registered bonds	1,831	1,829
Other securities	—	—
Total	34,452	33,584

Debt securities in issue, payable to related parties

The item "Debt securities in issue" includes the following amounts attributable to related parties:

€ millions	30/6/2025	31/12/2024
Non-consolidated affiliates	2,806	3,570
of which:		
UniCredit S.p.A.	2,806	3,570
sister companies	—	—
Joint ventures	—	—
Associates	—	—
Other investees	2	2
Total	2,808	3,572

40 Financial liabilities held for trading

€ millions	30/6/2025	31/12/2024
Negative fair values of derivative financial instruments	43,719	44,693
Other financial liabilities held for trading	4,795	3,966
Total	48,514	48,659

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. In connection with the centralisation of trading activities within UniCredit, derivative financial instruments classified as currency derivatives with external counterparties were transferred to UniCredit S.p.A. in the first half of 2025. Furthermore, new back-to-back derivatives with UniCredit S.p.A. had an impact.

41 Financial liabilities at FVTPL

This item in the amount of €2,986 million (previous year: €3,563 million) primarily contains own structured issues.

42 Hedging derivatives – Liabilities

€ millions	30/6/2025	31/12/2024
Micro fair value hedge	278	337
Portfolio fair value hedge	9,201	10,033
Total	9,479	10,370

The volume of hedging derivatives on the liabilities side of the balance sheet decreased mainly due to effects caused by the expiry and renewal of financial instruments. This also led to a decrease in the volume of hedging derivatives on the assets.

43 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 €3,444 million (previous year: minus €3,452 million) for the liabilities side and minus €664 million (previous year: minus €58 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.

44 Liabilities of disposal groups held for sale

€ millions	30/6/2025	31/12/2024
Deposits from banks	—	—
Deposits from customers	—	—
Tax liabilities	—	—
Other liabilities	—	—
Provisions	—	—
Total	—	—

45 Other liabilities

€ millions	30/6/2025	31/12/2024
Accrued expenses and deferred income for other interest	75	119
Short-term liabilities due to employees	173	279
Turnover tax liabilities	61	159
Liabilities to suppliers	127	87
Other liabilities	1,190	987
Total	1,626	1,631

Notes to the Balance Sheet (CONTINUED)

46 Provisions

€ millions	30/6/2025	31/12/2024
Provisions for pensions and similar obligations	86	272
Provisions for financial guarantees and irrevocable credit commitments	220	217
Restructuring provisions	247	345
Other provisions	712	723
Payroll provisions	459	464
Provisions related to tax disputes (without income taxes)	32	32
Provisions for rental guarantees and dismantling obligations	56	56
Provisions for legal risks and similar risks	123	120
Other provisions	42	51
Total	1,265	1,557

Provisions for pensions and similar obligations

As of 30 June 2025, the provisions for pensions and similar obligations were remeasured on the basis of updated actuarial assumptions and market values of the plan assets. At the reporting date, a net defined benefit liability from defined benefit plans totalling €58 million was calculated for HVB Group, resulting from netting the present value of the aggregate (funded and unfunded) defined benefit obligations (DBO) of €3,991 million with the fair value of the plan assets of €3,933 million.

This amount was recognised in the consolidated balance sheet of HVB Group as of 30 June 2025 as follows:

- The surplus from pension plans with an excess of assets over liabilities was recognised at an amount of €28 million in the consolidated balance sheet as a capitalised excess cover of plan assets under other assets. No adjustments were required for the effects of limiting a net defined benefit asset to the asset ceiling.
- Deficits from pension plans with an excess of liabilities over assets or without an allocation to a plan asset were recognised at an amount of €86 million in the consolidated balance sheet as recognised pension provisions under provisions for pensions and similar obligations.

The following effects resulting from the capital market performance in the first half of 2025 were mainly responsible for the decline in pension provisions (down €186 million / minus 68.4%) and the unchanged level of other assets (up/down €0 million / plus/minus 0%) compared with year-end 2024:

- The increase in the actuarial interest rate (weighted average) by 65 basis points to 4.15% (previous year: 3.50%) resulted in greater discounting of the liabilities under defined benefit obligations and thus to a decrease in the present value of liabilities.
- In contrast, the pension adjustment in line with the consumer price index above the long-term pension trend of 2.10% on which the valuation is based taken into account at the end of the first half of 2025 caused an increase in the DBO which compensated the effect above in part.
- In addition, the decline in the market values of plan assets in the first half of 2025 had the opposite effect.

The actuarial gains as at the reporting date resulting from the calculation of the estimated present value of the defined benefit obligations, offset by the losses from the current market measurement of the plan assets (difference between standardised return and return actually realised), resulted in a positive total effect from remeasurements of plus €204 million, which was immediately recognised directly in shareholders' equity without affecting profit or loss and reported in other comprehensive income (OCI) within the statement of total comprehensive income.

47 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	30/6/2025	31/12/2024
Subordinated liabilities	284	1,099
Hybrid capital instruments	1,700	1,700
Total	1,984	2,799

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) and can be used to meet MREL requirements (SRMR II). The instruments are presented in detail in the 2024 Annual Report in the notes to equity.

HVB has decided to make use of its contractually granted repayment option after a term of 5 years for the supplementary capital bond (Tier 2 bond) with a volume of €800 million (ISIN: DE000HV2ATH6) issued at the end of June 2020, which was held entirely by UniCredit S.p.A. The repayment was made in accordance with the terms of the supplementary capital bond.

Other Information

48 Report on events after the reporting period

On 11 July 2025 the German Federal Council finally enacted the tax bill “Gesetz für ein steuerliches Investitionssofortprogramm zur Stärkung des Wirtschaftsstandortes Deutschland“, which besides other topics includes a reduction of the German Corporate Tax rate from 15% to 10% in the years 2028 to 2032 (one percent per year). This reduction of the Corporate Tax rate will lead to a revaluation of the deferred tax assets and deferred tax liabilities of HVB Group in 2025. After a first estimation the Net-DTA-Stock will be reduced by a lower double digit million € amount. The final calculation will be done within the third quarter 2025.

49 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 €426 million (previous year: €284 million) were transferred from Level 1 to Level 2. At the same time, financial assets or liabilities of €20 million (previous year: €471 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.

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	—	403
Transfer from Level 2	20	—
Financial assets at FVTPL		
Transfer from Level 1	—	7
Transfer from Level 2	—	—
Financial assets at FVTOCI		
Transfer from Level 1	—	16
Transfer from Level 2	—	—
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	—	—

30 June is considered the transfer date for instruments transferred between levels within the reporting period (1 January to 30 June). Therefore, the fair value as at 30 June 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 30 June 2025. 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 - 881bps
Equities	Market approach	Price	0% - 3%
Asset-backed securities (ABS)	DCF method	Credit spread curves	21bps - 1052bps
		Residual value	0% - 75%
		Default rate	0% - 3%
		Prepayment rate	0% - 12%
Commodity/equity derivatives	Option price model	Commodity price volatility/equity volatility	2% - 17%
		Correlation between commodities/equities	2% - 24%
	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% - 23%
Credit derivatives	Hazard rate model	Credit spread curves	1bps - 12bps
		Residual value	0% - 5%
Currency derivatives	DCF method	Yield curves	0bps - 587bps
	Option price model	FX volatility	0% - 57%

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 €50 million respectively at the reporting date (previous year: a plus or minus of €73 million respectively).

The following table shows the significant sensitivity effects, broken down by the individual classes of financial instrument for the various product types:

€ millions	30/6/2025		31/12/2024	
	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE
Fixed-income securities and other debt instruments	—	—	—	—
Equities	—	—	—	—
Asset-backed securities	—	—	—	—
Commodity/equity derivatives	45	(45)	65	(65)
Interest rate derivatives	3	(3)	4	(4)
Credit derivatives	2	(2)	2	(2)
Currency derivatives	—	—	2	(2)
Total	50	(50)	73	(73)

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.

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	2025	2024
Balance as at 1/1	19	18
New trades during the period	15	15
Write-downs	3	3
Expired trades	—	6
Retroactive change in observability	9	5
Exchange rate changes	—	—
Balance as at 30/6/2025 / 31/12/2024	22	19

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:

€ millions	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)	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Financial assets recognised in the balance sheet at fair value						
Financial assets held for trading	16,014	17,261	50,828	49,691	1,658	1,404
of which derivatives	2,626	2,152	38,903	41,928	1,594	1,333
Financial assets at FVTPL	828	971	807	902	1,105	590
Financial assets at FVTOCI	13,667	13,702	182	194	—	—
Hedging derivatives	—	—	7,249	7,849	13	2
Financial liabilities recognised in the balance sheet at fair value						
Financial liabilities held for trading	5,077	3,709	41,877	43,868	1,560	1,082
of which derivatives	4,298	3,317	38,049	40,470	1,372	906
Financial liabilities at FVTPL	—	—	2,928	3,450	58	113
Hedging derivatives	—	—	9,463	10,285	16	85

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 1/1/2025	1,404	590	—	2
Additions				
Purchases	356	578	—	13
Realised gains ¹	160	38	—	—
Transfer from other levels	348	—	—	—
Other additions ²	5	—	—	—
Disposals				
Sales	(279)	(76)	—	(2)
Repayment	—	(1)	—	—
Realised losses ¹	(243)	(14)	—	—
Transfer to other levels	(81)	(6)	—	—
Other disposals	(12)	(4)	—	—
Balance as at 30/6/2025	1,658	1,105	—	13
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

¹ In the income statement and shareholders' equity.

² Also including changes in the group of companies included in consolidation.

The increase in Level 3 instruments within financial assets at FVTPL is largely due to new transactions. A noticeable increase was recorded in assets held for trading. The increase in Level 3 instruments within hedging derivatives is primarily due to new transactions.

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 1/1/2025	1,082	113	85
Additions			
Sales	288	—	—
Issues	105	4	1
Realised losses ¹	233	1	—
Transfer from other levels	282	10	4
Other additions ²	9	—	1
Disposals			
Buy-backs	(130)	—	(25)
Repayment	(11)	(3)	—
Realised gains ¹	(116)	—	(50)
Transfer to other levels	(176)	(66)	—
Other disposals	(6)	(1)	—
Balance as at 30/6/2025	1,560	58	16
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

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 significant increase was seen in financial liabilities held for trading. The considerable decrease in Level 3 instruments within hedging derivatives is due to gained profits.

Other Information (CONTINUED)

50 Fair values of financial instruments compliant with IFRS 7

The fair values are calculated using the market information available at the reporting date as well as specific company valuation methods.

€ billions	CARRYING AMOUNT		FAIR VALUE	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Assets				
Cash and cash balances	9.5	6.9	9.5	6.9
Financial assets held for trading	68.5	68.4	68.5	68.4
Financial assets at FVTPL	2.7	2.5	2.7	2.5
Financial assets at FVTOCI	13.8	13.9	13.8	13.9
Loans and receivables with banks (at cost)	23.0	24.2	23.0	24.2
Loans and receivables with customers (at cost)	167.4	162.6	165.2	159.9
of which finance lease receivables	0.2	0.2	0.2	0.2
Hedging derivatives	7.3	7.9	7.3	7.9
Total	292.2	286.4	290.0	283.7
Liabilities				
Deposits from banks	43.2	30.5	42.6	29.8
Deposits from customers	136.8	142.6	136.6	142.4
Debt securities in issue	34.5	33.6	32.9	32.0
Financial liabilities held for trading	48.5	48.7	48.5	48.7
Financial liabilities at FVTPL	3.0	3.6	3.0	3.6
Hedging derivatives	9.5	10.4	9.5	10.4
Total	275.5	269.4	273.1	266.9

€ billions	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)	
	30/6/2025	31/12/2024	30/6/2025	31/12/2024	30/6/2025	31/12/2024
Financial assets not carried at fair value in the balance sheet						
Cash and cash balances	—	—	9.5	6.9	—	—
Loans and receivables with banks (at cost)	6.4	5.9	14.9	16.9	1.7	1.4
Loans and receivables with customers (at cost)	17.4	15.7	64.0	55.5	83.8	88.7
of which finance leases	—	—	—	—	0.2	0.2
Financial liabilities not carried at fair value in the balance sheet						
Deposits from banks	—	—	32.1	21.9	10.5	7.9
Deposits from customers	—	—	133.0	138.9	3.6	3.5
Debt securities in issue	19.3	16.1	5.6	7.3	8.0	8.6

At HVB Group, the difference between the fair values and carrying amounts totals minus €2.2 billion for assets (previous year: minus €2.7 billion) and minus €2.4 billion for liabilities (previous year: minus €2.5 billion). The net balance of these amounts is minus €0.2 billion (previous year: minus €0.2 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.

51 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:

€ millions	FINANCIAL ASSETS (GROSS)	FINANCIAL LIABILITIES NETTED IN THE BALANCE SHEET (GROSS)	RECOGNISED FINANCIAL ASSETS (NET)	AMOUNTS NOT RECOGNISED			NET AMOUNT
				EFFECTS OF MASTER NETTING ARRANGEMENTS	FINANCIAL INSTRUMENTS AS COLLATERAL	CASH COLLATERAL	
Derivatives ¹	51,546	(1,161)	50,385	(38,149)	(852)	(4,952)	6,432
Reverse repos ²	14,141	(2,473)	11,668	—	(11,418)	—	250
Loans and receivables ³	76,674	(311)	76,363	—	—	—	76,363
Total as at 30/6/2025	142,361	(3,945)	138,416	(38,149)	(12,270)	(4,952)	83,045
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

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 €514 million (previous year: €265 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:

€ millions	FINANCIAL LIABILITIES (GROSS)	FINANCIAL ASSETS NETTED IN THE BALANCE SHEET (GROSS)	RECOGNISED LIABILITIES (NET)	AMOUNTS NOT RECOGNISED			NET AMOUNT
				EFFECTS OF MASTER NETTING ARRANGEMENTS	FINANCIAL INSTRUMENTS AS COLLATERAL	CASH COLLATERAL	
Derivatives ¹	53,911	(713)	53,198	(38,149)	(294)	(5,850)	8,905
Repos ²	23,073	(2,473)	20,600	—	(20,274)	—	326
Liabilities ³	105,192	(759)	104,433	—	—	—	104,433
Total as at 30/6/2025	182,176	(3,945)	178,231	(38,149)	(20,568)	(5,850)	113,664
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

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: €0 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.

52 Securities sale and repurchase and securities lending transactions by balance sheet item

€ millions	30/6/2025		31/12/2024	
	CARRYING AMOUNT	OF WHICH TRANSFERRED AS COLLATERAL	CARRYING AMOUNT	OF WHICH TRANSFERRED AS COLLATERAL
Financial assets held for trading	68,500	1,096	68,356	1,633
Financial assets at FVTPL	2,740	—	2,463	—
Financial assets at FVTOCI	13,849	299	13,896	901
Loans and receivables with banks (at cost)	23,029	—	24,219	—
Loans and receivables with customers (at cost)	167,447	—	162,565	—
Total	275,565	1,395	271,499	2,534

53 Contingent liabilities and other commitments

€ millions	30/6/2025	31/12/2024
Contingent liabilities ¹	29,809	30,279
Financial guarantees (guarantees and indemnities)	29,809	30,279
Other commitments	105,685	107,330
Irrevocable and revocable credit commitments with default risk	105,680	107,325
Other commitments	5	5
Total	135,494	137,609

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.

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-end: €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-end: €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-end: €39 million). Financial collateral was provided for these. No new irrevocable credit commitments were issued in the reporting period.

Contingent liabilities payable to related parties

€ millions	30/6/2025	31/12/2024
Non-consolidated affiliates	2,125	1,959
of which:		
UniCredit S.p.A.	1,387	1,330
sister companies	737	628
subsidiaries	1	1
Joint ventures	—	—
Associates	1	—
Other investees	66	104
Total	2,192	2,063

Other Information (CONTINUED)

54 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 €245 million for these services in the reporting period (previous-year period: €256 million). This was offset by income of €14 million from services rendered and internal charges (previous-year period: €10 million). Moreover, software products worth €0.4 million were purchased from UniCredit S.p.A. (previous-year period: €0.3 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 €20 million for these services (procurement invoice service business and transformation, among others) including restructuring costs in the reporting period (previous-year period: €13 million).

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	2025			2024		
	LOANS AND RECEIVABLES	CONTINGENT LIABILITIES ²	LIABILITIES	LOANS AND RECEIVABLES	CONTINGENT LIABILITIES ²	LIABILITIES
Members of the Executive Board and their related parties	2,936	77	2,578	2,989	81	2,394
Members of the Supervisory Board and their related parties	7	45	734	2,838	39	5,576
Members of the Group Executive Committee ¹ and their related parties	—	—	—	—	—	22
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 and a Medium/long term installment loans with interest rates between 0.67% and 4.71% and maturities in the years 2027 to 2047 were granted to members of the management board and the supervisory board and their related family members. In addition, overdraft lines with interest rates ranging from 0.00% to 6.735% were claimed.

55 Members of the Supervisory Board¹

Andrea Orcel	Chairman
Florian Schwarz	Deputy Chairman
Dr Bernd Metzner	Deputy Chairman
Dr Michael Diederich until 25 March 2025	
Sabine Eckhardt until 25 March 2025	
Sabine Heimbach	
Marcus Kramer since 25 March 2025	
Fiona Melrose	
Tanja Münchrath since 25 March 2025	
Sonia Nassar until 25 March 2025	
Angelika Plauk since 25 March 2025	
Claudia Richter	
Oliver Skrbot	
Christian Staack	
Gregor Völkl until 25 March 2025	
Lisa Wolf since 25 March 2025	

¹ As at 30 June 2025.

Other Information (CONTINUED)

56 Members of the Executive Board¹

Marion Höllinger	Spokeswoman of the Executive Board (CEO)
René Babinsky	Head of Private Clients
Marion Bayer-Schiller	Head of Large Corporates
Martin Brinckmann	Head of Small and Medium Corporates
Artur Gruca	Chief Digital & Operating Officer (CDOO)
Marco Iannaccone	Head of Client Solutions
Georgiana Lazar-O'Callaghan	Head of People & Culture (including Labour and Social Affairs pursuant to Section 27 (2) 2 MgVG)
Pierpaolo Montana	Chief Risk Officer (CRO)
Ljubisa Tesić	Chief Financial Officer (CFO)

¹ As at 30 June 2025.

Responsibility Statement by the Executive Board

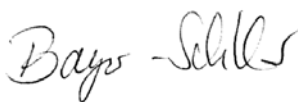
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Management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

Munich, 4 August 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

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,

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