



**Annual report and
Report of the *réviseur
d'entreprises agréé*
31st December 2025**

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2025

**Report of the
Management Board
of UniCredit
International Bank
(Luxembourg) S.A.**

2025 Report of the Management Board

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I. Macroeconomic environment

The global economy

In 2025, the global economy was dominated by US trade policy and its real and expected effects on growth as well as inflation. Massive tariff hikes (Liberation Day) and reciprocal measures by key trading partners had fuelled inflation concerns, undermined confidence and intensified recession fears, especially in the United States. At the same time, the momentum of the US economy moderated slightly, the subtle shift was visible in the labour market data and a more conservative outlook regarding growth expectations. While the euro area, after a weak start to the year, had shown signs of bottoming out, with slightly improved sentiment indicators and business climate indices, without entering a phase that could be described as a robust recovery.

From a European perspective, 2025 had been marked by a tension between political fragmentation, fiscal challenges and gradual cyclical stabilisation. On one hand, the political crisis in France, debates about fiscal consolidation and election cycles in several member states had weighed on planning certainty, while on the other hand indicators such as the IFO (Institute for Economic Research) Business Climate Index and various purchasing managers' indices had pointed to a cautious improvement in industry and services. Especially in the euro area, the key question had been whether the combination of a fading energy price shock, stabilising supply chains and slightly improved domestic demand would be sufficient to turn the previously observed growth stagnation into a phase of moderate but fragile expansion.

For Europe, the dual role as both arena and actor in the global trade conflict had been central. The EU had been a target of US tariffs, with particular focus on automotive and industrial exports that are crucial for Germany and other core countries, while simultaneously trying to contain escalation through negotiations and sectoral deals (including in energy and technology) and to strengthen its own strategic autonomy. The reform of Germany's debt brake, new special funds for defence and transformation, and the European focus on joint security initiatives had shown that the growth model had been shifting towards higher public investment in infrastructure, climate and security. These measures had supported growth in the medium term but had also increased markets' short-term sensitivity to debt debates and ratings, particularly in countries with already elevated deficits.

China was at the centre of the trade tensions. The country had become a direct target of significantly higher US tariffs, which had been tightened further over the year and was designed partly asymmetrically compared to other trading partners. At the same time, China had remained crucial as a sales market and as a supplier of industrial components, battery technology and electronics, so that tougher measures had immediately hit value chains in the US and Europe and had increased uncertainty in export-oriented industries. The area of rare earths and strategic raw materials had been particularly critical, as China holds a dominant position in extraction, processing and exports. Against the backdrop of escalating trade conflicts, concerns had grown that Beijing could use export restrictions as a political tool, implying significant supply and price sensitivities

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for high-tech sectors, electric vehicles as well as defence, and an intensifying pressure to diversify supply chains and build strategic raw material partnerships.

Geopolitical tensions, the war in Ukraine, intermittent escalations in the Middle East and security incidents in Eastern Europe, had remained a constant risk and had repeatedly triggered phases of volatility in financial markets. Peace initiatives (including US-Russian proposals as well as meetings between Putin and Trump) had so far failed due to political infeasibility, leaving the conflict path as a key source of uncertainty for growth, investment and energy prices.

Equity markets

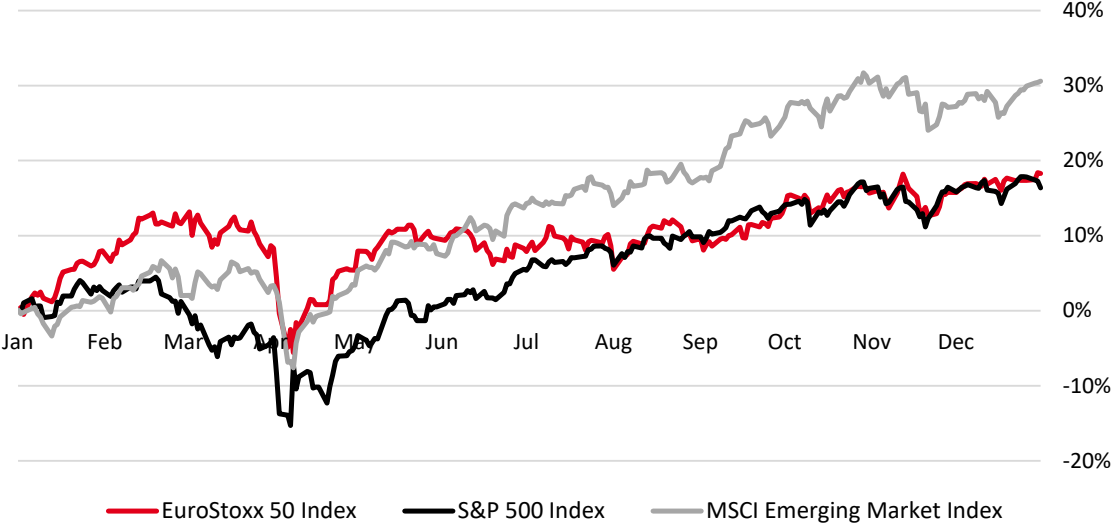
In 2025, equity markets fluctuated between new highs and abrupt setbacks, driven by the sequence of tariff threats, actual tariff increases, monetary policy signals and geopolitical news. US equities had reacted particularly sensitively to President Trump's trade policy and the interest rate debate, sharp corrections following tariff shocks and weaker consumer confidence had alternated with strong recovery phases, supported by hopes of tax cuts and the Fed's (Federal Reserve) rate cuts that had started in the second half of the year. The S&P 500 rose by 16.39% in 2025, but currency effects weakened the net return for Euro based investors. This was driven by a sharp decline in the US dollar, sliding from an initial exchange rate of 1.0354 to 1.1746 dollars per euro by year-end.

European equities had at times benefited from clearer political conditions (for example, the federal election in Germany) and an improving domestic economy but had suffered from the ongoing political crisis in France and Europe's exposed position in the trade conflict. Nevertheless, the Euro Stoxx 50 was able to rise by 18.29%.

Emerging market stocks presented a mixed picture: A strong dollar, tariffs, and trade uncertainties weighed on performance, but only briefly. During periods of dollar weakness and with improved global risk appetite, Emerging Markets were able to more than make up for their years of underperformance, clearly outperforming the US and European markets with an overall gain of 30.58%, measured in US dollars.

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2025 Indexes Performance



Source: Bloomberg

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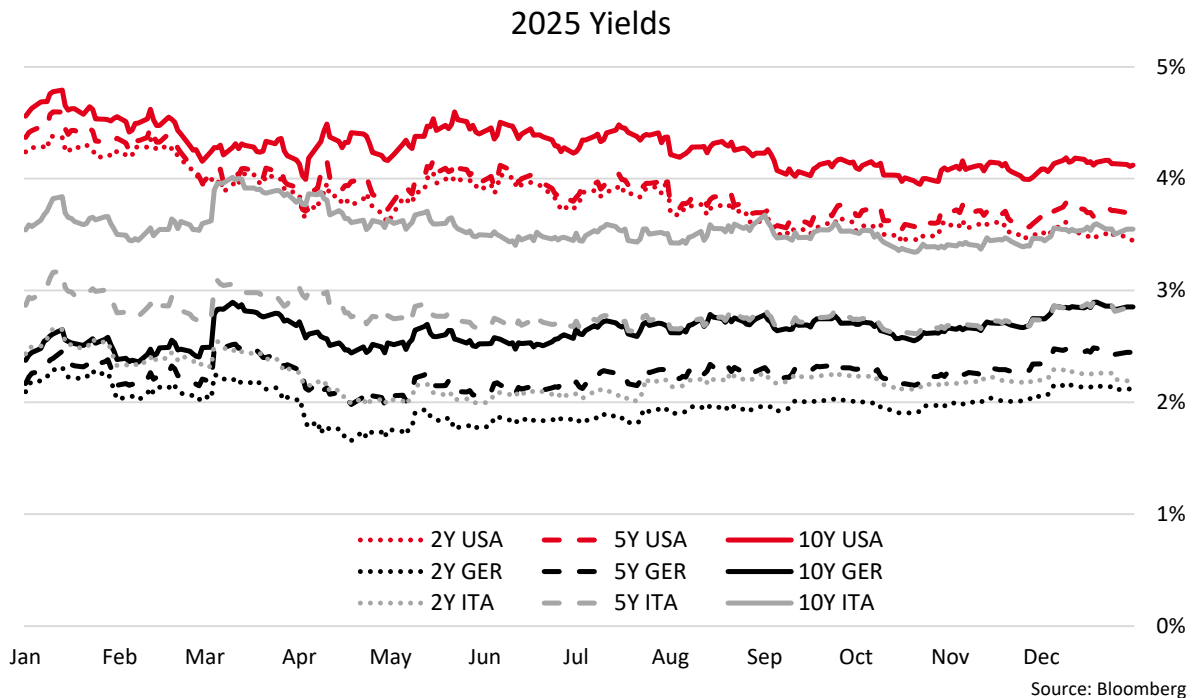
Fixed income and interest rates

Fixed income markets had reflected the conflict between political uncertainty, volatile inflation expectations and a gradual shift in monetary policy. In the US, yields had initially risen sharply around the time of the large tariff packages before declining again as growth concerns intensified, the Fed's narrative shifted, and rate cuts began. The yield curve had steepened at times, simultaneously signalling recession risks and relief at the short end. In aggregate, American interest rates concluded the year lower across the board, two-year bond yields declined by 77 basis points to 3.47%, while ten-year bonds yields fell by 40 basis points to 4.17%.

In the euro area, Bund yields had moved within a field of tension created by ECB (European Central Bank) rate cuts, a subsequent pause and political risk. The reform of the debt brake in Germany, large special budgets and the institutional crisis in France had led to temporary yield increases and wider spreads, while improved sentiment indicators and lower medium-term inflation expectations had exerted a dampening effect again. German government bonds remained relatively flat at the short end of the curve (two-year bonds with 2.12%, + 4 basis points), while longer-term yields experienced a notable increase during the year, with ten-year bonds rising by 49 basis points to 2.85% at the end of the year.

Credit spreads on European corporate bonds had been volatile, widening during stress episodes (trade war, political escalations) and narrowing during phases of political easing and improved risk appetite, so that no persistently pronounced risk-off regime had become established. As European corporate bonds within investment grade segment experienced significant volatility that flattened out during the second half of the year. Spreads ultimately tightened by 7 basis points representing a credit risk premium of 0.51% over benchmark safe-haven assets, underscoring a steady rise in investor confidence in the European credit market.

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Outlook 2026

The global economic outlook remains fragile. In the U.S., a weaker labour market, tariff pressures, and political uncertainty point to slowing growth, with the extent depending on trade tensions and future Fed decisions. In the Eurozone, tentative stabilisation and inflation near target suggest moderate but uneven growth, reliant on easing trade frictions and clearer political conditions. Markets will likely stay driven mostly by central bank guidance as well as (geo-) political headlines. Opportunities arise where risk premiums overstate fundamentals, though selective, liquidity-conscious positioning remains key.

The U.S. Supreme Court’s pending decision on Trump’s tariffs could reset trade dynamics. If blocked, temporary and targeted tariffs may still follow, creating short-term volatility but reinforcing institutional limits on executive power. Growth will soften at end-2025 due to the government shutdown but should rebound in early 2026. Consumer spending is resilient, while investment, especially in AI, is driving productivity. U.S. growth near 2% appears likely, though inequality persists, with higher unemployment among younger and low-income groups and elevated loan delinquencies. Inflation remains around 3%, sustained by tariffs and strong service prices. The Fed is expected to hold rates steady before minor cuts in 2026, keeping the long-term neutral rate near 3.5%. However, potential government influence on Fed policy and attempts to challenge its independence could lead to significantly increased market volatility and a reassessment of long-term inflation expectations.

In Europe, export volatility is offset by a firmer domestic demand, rising wages, and EU-backed investment. Growth should pick up modestly, supported by Germany’s fiscal push, though high savings and weak

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confidence weigh on momentum. Eurozone inflation hovers around 2%, and the ECB is likely to keep rates stable at 2%. This economic development is accompanied by a necessary adjustment to the geopolitical landscape. The ongoing war in Ukraine and the increasingly complex relations within NATO, especially driven by US priorities, require greater European autonomy and focus on defence security. These challenges also present an opportunity for deeper strategic integration within Europe. Even as coordination with the United States remains demanding, the focus continues to be on strengthening regional resilience and securing a long-term economic stability within a changing world order.

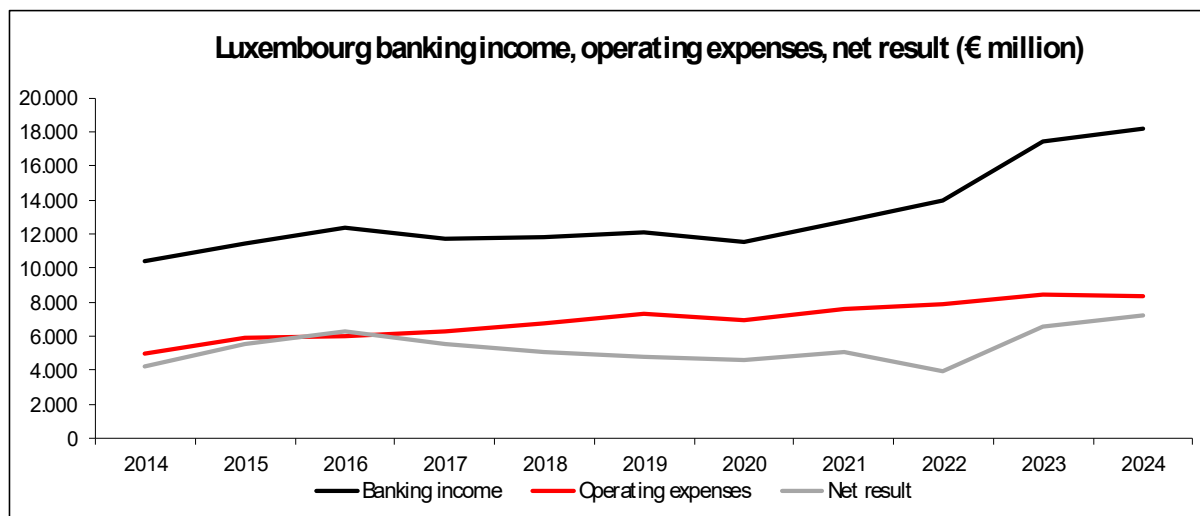
II. Luxembourg's financial centre

Luxembourg's financial centre continued to demonstrate strong resilience and stability despite a challenging global economic and financial environment. GDP growth remained positive but moderate, reflecting a cautious recovery and forecasted at 0.9%, while inflation eased compared to previous years, at a level of 2.2%, contributing to greater macroeconomic stability.

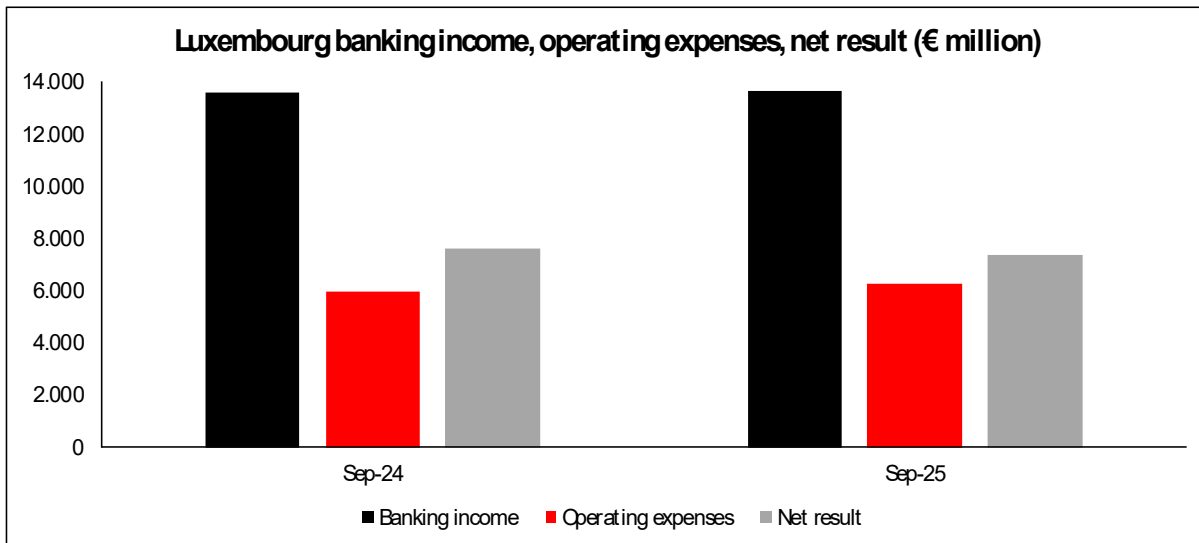
The Luxembourg Banking sector remained profitable, although profitability normalised compared to the record levels achieved in 2024. Lower interest margins weighed on earnings in 2025, but this was partially offset by strong fee-based income, wealth management activities, and international business. Overall capitalisation and liquidity levels remained solid.

The country maintained its position as a leading international financial hub, supported by its well-diversified Banking sector, robust regulatory framework, and strong focus on cross-border financial services, wealth management, and investment funds.

Looking ahead to 2026, the outlook for the Banking sector is stable with moderate growth prospects. Banks are expected to continue focusing on digital transformation, cost efficiency, sustainable finance, and value-added services to maintain competitiveness in a changing interest rate environment.



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Source: CSSF

In the latest figures published by the Commission de Surveillance du Secteur Financier (CSSF) in December 2025, the balance sheet total of the Banking system in Luxembourg amounted around € 963 billion (September 2025), revealing an increase of € 20 billion compared to the previous year (September 2024). The number of Banks increased by 1 entity compared to the previous year. In the Banking labour market, the number of employees decreased from 26,246 in September 2024 to 26,236 in September 2025.

In summary, Luxembourg's financial and Banking sectors demonstrated robust, competitive, and well-positioned to navigate future challenges, with a strong emphasis on innovation, sustainability, and long-term stability.

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III. Report on operations
Key performance indicators

Statement of comprehensive income			in k EUR
	<u>31/12/2025</u>	<u>31/12/2024</u>	Δ 2025 vs 2024%
Operating income	25,155	23,578	7%
Operating costs	21,977	22,871	-4%
Operating profit *	3,228	734	340%
Profit before tax	3,222	637	406%
Cost/income	87.4%	97.0%	-10%

Statement of financial position			Δ 2025 vs 2024%
	<u>31/12/2025</u>	<u>31/12/2024</u>	
Total assets	2,274,359	1,590,815	43%
Loans and receivables with customers	1,030,414	332,187	210%
Deposits from customers	591,093	653,860	-10%
Shareholders' equity	310,768	307,031	1%

Ratios			Δ 2025 vs 2024%
	<u>31/12/2025</u>	<u>31/12/2024</u>	
Core Tier 1/total risk-weighted assets	44.5%	120.5%	-63.1%
Total capital ratio	44.5%	120.5%	-63.1%
LCRratio	177.5%	304.2%	-41.7%
Leverage ratio	13.9%	19.8%	-29.8%
ROA	0.1%	0.0%	500.0%

* Operating profit = Profit before tax - Net (losses)/recoveries on credit impairment - Net provisions for risks and charges

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The Bank's operations

In 2025, the Bank (UCInt) continued to focus on the Wealth Management (WM) and the Fund Management (FM) businesses, enlarging its customer base:

- to corporate and Institutional clients;
- and accessing new markets.

In particular, following the signing of a cooperation agreement in the WM business with UniCredit S.p.A. on its Italian network in 2019, the Bank developed a cooperation framework also with UniCredit's subsidiaries in CEE, starting from Romania as pilot country. In 2025 a new cooperation agreement was signed with UniCredit's subsidiary in Croatia. In addition, the Bank continued to develop new business with Luxembourgish HNWI, Corporate and institutional clients, exploiting synergies and areas of possible collaboration with UniCredit Group and optimising local funding needs. In 2025 the Bank enhanced its credit risk management systems. After the approval of the Competent Authorities, the Bank started using the Foundation IRB approach for the Bank's Multi-National Clients segment, whereas for the other Credit exposures the Bank will continue to use the current Standard Approach.

In 2025, the Bank continued to reinforce the cooperation with the Group Product Factories and to ensure strong support for the implementation of key initiatives such as the launch of OneMarket Funds. In September 2022, UniCredit Group set up a UCITS umbrella fund as an investment company with variable capital (Onemarkets Fund SICAV S.A.), managed by its Luxembourg Management Company, Structured Invest S.A. (S.I.). The umbrella fund has launched a few sub-funds that are distributed to all UCG client segments across Europe starting with Austria, Germany and Italy and then expanding over time to the Central and Eastern European Markets. At the end of 2025 more than 60 Onemarkets Funds were marketed corresponding to total AUM (Assets Under Management) of about € 20 billion.

UC INVEST's funds include mutual funds (UCITS) and Alternative Investment Funds (AIF) under Luxembourg and German law, in particular in the legal form of "Fonds Commun de Placement" (FCP) and of "Société d'Investissement à Capital Variable" (SICAV).

In April 2024, pursuant to a share purchase agreement signed in December 2023 and following the obtaining of the necessary regulatory approvals, the Bank finally acquired 100% of the shares in S.I. from UniCredit Bank GmbH. The transaction aimed at exploiting synergies:

- between the two Luxembourg-based entities (corporate/control/legal/IT functions) by extending UCInt's Luxembourg compliance framework to S.I.;
- with UCInt's customers by facilitating access to S.I.'s new product range;
- aligning the holding structure with the new global strategy regarding the asset management business and, in particular, the OneMarket funds;

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- bringing S.I. within the perimeter of the Italy division (including Luxembourg) within the UniCredit Group, ensuring better alignment between ownership and distribution.

In December 2025, at the extraordinary General meeting the name of S.I. was amended into “UniCredit Invest Lux S.A.” (UC INVEST). The Bank holds a 100% ownership interest in UC Group Wealth Management Investments S.à.r.l., (GP S.à.r.l.) which acts as General Partner of GWM Opportunities SCS-SICAV-SIF (GWM Opportunities) with its principal place of business in Luxembourg.

In 2025, the Bank continued to focus on ESG (Environmental, Social and Governance) topics, following the ESG initiatives of the Parent Company with the main goals of complying with SFDR (Sustainable Finance Disclosure Regulation) and assessing how the clients’ portfolios embedded ESG criteria, as well as assessing availability of pertinent ESG information for consolidation purposes (i.e. CSRD - Corporate Sustainability Reporting Directive - reporting).

The Bank Governance Model foresees a clear segregation between the day-to-day management and the control/supervision of the Bank. The Bank is managed by a Management Board, which exercises its functions under the control of a Supervisory Board. The Management Board is in charge of taking all actions necessary or useful to fulfil the Company's corporate objectives, except for the actions reserved by Luxembourg law or by the Articles of Association to the General Meeting or the Supervisory Board. The Supervisory Board is in charge of the supervision and control of UCInt's administration by the Management Board.

From an organisational point of view, the Bank continued the efforts to formalise processes by implementing and keeping up to date dedicated internal regulations. A permanent monitoring of the internal regulations (policies and processes/ procedures) in force is in place and monitored both by each respective department and by CAO structure - as the regulations framework owner - to ensure the compliance with the applicable external regulations as well as with the Group Global Rules issued by the Group and adopted by the Bank.

From an Information Technology prospective, in 2025 and following the RELUX project with the migration of IT infrastructure hosting Business applications, the Bank closed the data centre located in rue Jean-Monnet and since then the Bank leverages on new technical environment managed by Group Digital and fully aligned with Group standards and capabilities in terms of reliability and sustainability supporting the development of the future business strategy of the Bank.

Several important regulations related to payment activity started in 2025 with a huge impact on IT processes. As part of the Instant Payments Regulation (IPR), two key achievements have been completed:

- since 9th January 2025, the Bank is able to receive instant payments;
- since 9th October, the Bank is able to send instant payments when it is requested by the Clients.

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At the same time, the new Verification of Payee (VoP) regulation, mandated by the EU Instant Payments Regulation (IPR) was activated on the 9th October by implementing an IT solution provided by LUXHUB and reinforcing a crucial security layer to SEPA (Single Euro Payments Area) credit transfers.

Finally, the Bank achieved a key milestone in November 2025 related to the SWIFT ISO 20022 migration for the end of the coexistence period for cross-border payments (MT to MX formats), allowing both old and new messages.

In December 2025, the Bank moved to new office premises which required a completely new setup of the Banks LAN and WAN connections and the technical setup of the working environment (network, workplaces, etc.). In the course of this, the Bank added a new layer of resilience by adding a WAN and internet outbreak in a remote data room. Due to having this secondary data room connected to the one in the new premises, the Bank reduced significantly the SPoCs (Single Points of Failure).

Significant investments in the past years were dedicated to the implementation of the Compliance Programme with focus on anti-financial crime topics, i.e. anti-money laundering and counter terrorism financing as well as compliance to financial sanctions and embargoes. In particular, the Bank reviewed and enhanced its KYC (Know Your Customer) process (e.g. enhanced Customer Risk Rating methodology), Transaction monitoring, Financial Sanction Screening processes and procedures (sanity check on data quality was completed) and further strengthened Second Level of Controls and Risk Assessment execution. Furthermore, following the reinforcement of the Compliance team, the key regulatory frameworks (e.g. MIFID II, MAR (Market Abuse), Col (Conflict of Interest), GDPR, Anti-Corruption, etc.) were reviewed and further enhanced.

In 2025, the Bank continued to deliver its loan portfolio data to the Group, in compliance with applicable law. This information is used by the Group for managerial, regulatory and prudential purposes. During the year, Capital Requirement Regulation 3 (Basel IV) has become effective. To meet the requirements, the Group enhanced the data model.

Risk Management is supporting its subsidiary UC INVEST (former Structured Invest S.A.) with its Non-Financial Risk Management processes. A specific Service Level Agreement has been defined on it.

Since the end of 2018, the Bank is connected with the Group Management Information System (GMIS) used to centrally monitor the commercial performance of selected Group customers assisted by several legal entities.

Additionally, since July 2025 the Bank is contributing into a new Data Repository called Planning 360 created at UC Group level for the monitoring of the Products, Deals, Financials placed at single client level ensuring an interaction between Central and Local Planning functions for a quicker decision-making process.

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The FATCA is a US law applicable to foreign financial institutions (FFIs) and other financial intermediaries to prevent and avoid tax evasion by US citizens and residents with offshore accounts and/or other structures. The Bank is FATCA-compliant and implemented the necessary new IT tools and processes to file FATCA reporting.

On 14th October 2014, the European Council established a draft directive extending the scope of the Automatic Exchange of Information (AEOI) for tax purposes among EU member states. This Directive includes Automatic Exchange of Information obligations based on the OECD CRS, which represents another important step for tax transparency and a global agreement to disclose certain incomes earned by individuals and enterprises. The Bank performs the necessary activities related to CRS (Common Reporting Standard) and QI (Qualified Intermediary) reporting.

Furthermore, on 25th May 2018, the Economic and Financial Affairs Council formally adopted the Council Directive amending the existing Directive 2011/16/EU on administrative cooperation in the field of taxation, as regards mandatory automatic exchange of information in relation to reportable cross-border arrangements to disclose potential aggressive tax planning. The obligation to disclose is on all EU-based intermediaries involved in the arrangement. Under certain conditions, the taxpayer may be obliged to compulsory disclosure as well.

The Bank has implemented the new regulatory requirements for DAC6 in 2021. The local Transfer Pricing File related to the year 2020 has been updated in 2022.

During 2025, no major incident on availability of the business has been recorded.

Risk management and internal control systems in relation to the financial reporting process

Risk Management process refers to the strategic management, identification and assessment of risks as well as the assumption or avoidance of risk. In 2025, the Bank was fully operational and had no operational disruptions and no losses due to collateral deterioration, counterparty defaults or credit losses.

Regarding liquidity risk management, Liquidity Coverage Ratio (LCR) was always far above the regulatory limit. The Bank performed a stress test and examined the robustness of its liability structure in case of crisis. The results of the stress test showed that the Bank must rely on continuous availability of Group funding.

In 2025, the Bank continued to focus on operational risk management and processes enhancements. The Bank also performed a wider assessment on non-financial risks and implemented the mitigation actions identified.

The Bank has defined an Internal Capital Adequacy Assessment Process (ICAAP) as the central cornerstone of the Risk Management process. The risk types are described in detail in the ICAAP Report for 2025. The risk

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is monitored using various risk management methods and risk systems that are appropriate for the risk type and its exposure level.

The central risk measure is the internally determined risk capital (Economic Capital) which is equal to the Economic Capital plus a cushion of € 25 million. Risk capital is compared to the Available Financial Resources (AFR). The risk-taking capacity is the ratio of AFR over Economic Capital. It expresses the coverage of the actual economic capital used. As at the end of 2025, the AFR was € 310.2 million. Risk-bearing capacity (coverage of calculated economic capital by the AFR) was always well above the limit of 100% in the course of 2025.

The control of the identified risks is centralised in Risk Management. By monitoring the Bank's activities, Risk Management is responsible to control the compliance of the Bank with its risk appetite and to look forward on the impact of the business strategies as defined at Group level and approved by the Bank, so that the Bank remains compliant within the risk framework and proactively propose risk mitigating solutions when required. In the European Union, the Single Supervisory Mechanism (SSM) is applied to Banks with assets in excess of € 30 billion or 20% of domestic GDP. The ECB is the competent authority commissioned for this supervision. The SSM is applicable to UniCredit Group, thus UniCredit S.p.A. and the relevant subsidiaries in the Eurozone are supervised by the ECB. In 2025, the ECB carried out an assessment of the Bank, which fall under its direct supervision.

The Bank received the results of this supervisory review and Evaluation Process (SREP), in December 2025 and no additional supervisory requirements have been applied to the Bank's Prudential Capital and Liquidity ratios.

As part of the Bank's risk appetite, in addition to the regulatory minimum requirement of 100%, the Bank set two additional managerial restrictions on LCR: an internal limit of 115% and an internal trigger level at 127% aligned with the Group's Risk appetite. The Bank has escalation procedures in place in case of activation of the trigger or overdraft of the internal limit.

To manage the assets and liabilities stemming from its business model in a proactive manner, the Bank established an Asset & Liability Committee (ALCO). The adherence to the earlier mentioned liquidity metrics put constrains on the balance sheet. Therefore, the focus of the ALCO in 2024 was on strategies to adhere to the liquidity targets and the Funding Plan.

The liquidity management is the responsibility of the department Strategic Funding and Treasury. It operates within the approved limits, fully aligned with the Group's Liquidity Risk appetite. Risk Management is responsible for the second level control of the Bank's adherence to these limits and for escalating limit breaches to the Management Board and the relevant Group functions.

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To manage unforeseen liquidity demands, the Bank has an unencumbered Government bond portfolio that can be liquidated in case of necessity. The Bank implemented a free capital investment model in line with the methodology defined by UniCredit Group.

It should be noted that the Bank has not independent access to the Money Market. The Bank executes its Money Market Transactions with its parent company.

The main methodologies to manage the liquidity risk are Short Term Gap analysis, Stress test and Structural liquidity analysis.

On 31st December 2025, the Bank's LCR was:

Liquidity buffer (HQLA)	€ 645 million
Net liquidity outflow	€ 364 million
Liquidity coverage ratio (%)	177%

The Internal Regulations, approved by the Management Board, define one decision making body to grant credits: Credit Committee. The committee can authorise, suspend or revoke loans or investments, within the scope of the powers assigned to it. Depending on the characteristics of the transaction, a non-binding credit opinion of UC S.p.A may be necessary.

The Risk Management Department monitors the credit portfolio daily, controlling the adherence to credit limits including assessment of the value of the collateral pledged. It gives its independent advice to the Credit Committee on credit proposals. The renewal requests and the annual reviews are submitted, according to the nature and duration of the transaction, to the Credit Committee. In 2025, the Bank continued to use the Standard Approach to measure the regulatory Capital Adequacy of its credit portfolio. In July, the Bank received the approval to use the Group's Foundation IRB model for the multi-national corporate client segment, with first reporting date as of September 2025 whilst for the other exposure classes the Bank will continue to use the Standard approach.

Regarding its credit exposure, the Bank must adhere to two regulatory limits. The credit exposures to each single group are required to fall within the large exposure limit, which is set at 25% of the Bank's own funds, in order to mitigate the concentration risk. In order to meet its large exposure limits the Bank obtained a credit guarantee from its parent company for two customers. The second constraint is the Total Capital Ratio (TCR). The Bank's TCR was 45% as at 31st December 2025 which compares to 121% as at 31st December 2024, much higher than the minimum requirement and leaving room for growth in full compliance with regulatory requirements. The change of the TCR in 2025 was mainly due to the enlarged credit facility granted to its top client.

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The Bank is exposed to market risks through Credit Risk Spread (CRS) in its Investment portfolio, interest rate and foreign exchange risks. Risk Management daily monitors the limits defined and approved. In case of a breach, the Risk management is responsible for the defined escalation process.

The Bank manages interest rate risk by setting limits, amongst other, on the value sensitivity per bucket and the one-year Net Interest Income sensitivity under a parallel shift scenario. Investments in securities are controlled by securities portfolio global limits.

FX limits are set on the basis of the Banks accounting positions in foreign currencies.

The Bank adopts the Basic Indicator method to measure its operational risk. As at 31st December 2025, the amount of capital absorbed by operational risk calculated according to the Capital Requirements Regulation (CRR) was € 6.8 million.

The Non-Financial Risk & Controls committee (NFRC) with the target to further enhance operational excellence met regularly. The frequency of the Reputational Risk Committee was adapted in consideration of the increased sanctions on Russia.

As part of its BCM (Business Continuity Management), the Bank implemented BIA (Business Impact Analysis) and risk analysis procedures aimed at identifying and breaking down the critical processes to (i) identify elements of vulnerability in the processes of the Banking activity in the various business segments, potentially resulting in operational loss events, or (ii) ensure the continuity of the critical processes in case of disaster or other events that could put at risk the Bank functioning.

The Internal Control System (ICS) relates to the operational monitoring and management of risk.

In conformity with the regulations in force, and in particular with the CSSF Circular 12/552 as amended by Circulars CSSF 13/563, 14/597, 16/642, 16/647, 17/655, 20/750, 20/759, 21/785, 22/807, the internal control system of the Bank comprises regulations on the management of corporate activities (internal management system) and regulations on the monitoring of adherence to these regulations (internal monitoring system). The internal control system is organised in a three-lines-of-defence model and allows for process integrated and process independent controls that, in general, take place on the following levels:

- First Line of Defence
 - Line controls by the responsible personnel (e.g., 4-eyes principle);
 - Hierarchical controls as integral part of a leadership function;
 - Controls by members of the Management Board with regard to the activities that fall in their area of responsibility.

- Second Line of Defence

In addition to the first level controls being integrated in the business processes, there are controls by support functions in place which are independent from the actual processes, in particular Risk Management and Compliance.

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Risk Management is responsible for the activities related to the anticipation, identification, measurement, monitoring, controlling and reporting of all risks, to which the Bank is or may be exposed, in compliance with the responsibilities assigned by the CSSF Circular 12/552.

- Applies, in alignment with local finance function, the risk metrics and methodologies outlined by the Bank and the Group and verifies their adoption;
- Supervises the local compliance with the risk related policies and procedures;
- Performs second level analysis and evaluation on the credit proposals submitted by the business (FIBS (Financial Institutions, Banks and Sovereign), corporate and private customers) assessing the haircuts applicable to the collateral, monitoring the credit exposures (reviews, WL reports, workout), calculating the expected losses for IFRS 9 purposes;
- Controls reports on overdrafts/collateral values /ratios fixed in the loans agreements ;
- Controls the respect of Credit, Liquidity, Market and Operational and Reputational risk limits.

It performs an independent assessment of the funding plan as well as it monitors their execution.

Compliance monitors the following Compliance Perimeter:

- Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF);
- Compliance with national, international Financial Sanctions and Embargos;
- Prevention of Market Abuse and Insider Trading;
- Appropriate implementation of compliance related CSSF-Circulars;
- Compliance with MIFID policies and procedures;
- Conflicts of Interest;
- Anti-bribery & Corruption;
- Whistleblowing;
- Antitrust and Unfair Commercial Practices;
- Privacy/Data Protection and Observance of Professional Banking Secrecy.

The second level control functions provide for an additional surveillance of the first level controls and at the same time support third level controls.

- **Third Line of Defence**

The third level controls are covered by Internal Audit with objectives as follows:

- Risk assessment of the Audit Universe;
- Assess whether necessary internal controls have been implemented within business processes;
- Assess whether controls in place are effective and adequately support the achievement of control objectives.

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In 2025, the Bank continued in implementing actions to further strengthen the ICS.

For support in the performance of its duties, including those relating to the financial reporting process, the Supervisory Board has set up an Audit Committee made up of three members of the Supervisory Board. The Audit Committee, effective as from 1st January 2018, aids in fulfilling the oversight responsibilities to shareholders relating to the reliability and integrity of corporate accounting and financial reporting practices, compliance with laws, regulations and company policies and maintenance of a sound system of internal controls. Four meetings of the Audit Committee were held in 2025.

The Bank has policies with respect to Risk Control, Compliance and Internal Audit. These policies describe the fields of intervention directly related to each internal control function and clearly define the responsibilities for the common fields of intervention and objectives as well as the independence, objectivity and performance of the internal control functions. The policies are regularly reviewed, either in case of major changes or annually. Furthermore, value systems such as the Code of Conduct and compliance rules have been applied by the Group in all countries for many years and all employees must adhere to them while performing their activities. These value systems are key elements for an effective risk management process and are the basis for responsible action by all staff members including those directly involved in the financial reporting process.

The purpose of the RMS (Risk Management System) and the ICS (Internal Control System) in the financial reporting process is to implement controls that ensure, with an adequate degree of certainty, that annual financial statements together with the management report and management's discussion and analysis are prepared in compliance with regulations despite the identified risks. They ensure that the internal and external financial reporting is correct and reliable, and that assets, liabilities and equity are classified, recognised and measured.

The Management Board determines the scope and orientation of the RMS and the ICS specifically in line with the Bank's requirements and subject to the approval of the Supervisory Board, taking measures for the ongoing development of the systems and their adaptation to changing conditions. With regard to the financial reporting process, the internal control system encompasses the policies, processes and measures needed to ensure the effectiveness of financial reporting and the compliance with applicable regulations.

The responsibility for the financial reporting process and, in particular, for the annual financial statements and consolidated financial statements remains with the Management Board who is also responsible for adopting the financial statements and proposing the financial statements and consolidated financial statement for the Shareholders approval.

According to the Policy on 262 Law certification process, the Management Board is requested to approve the adequacy of the administrative and accounting procedures and actually applied in relation to the Legal Entity features and the actual application of the procedures employed to draw up the economic and financial situation, the assets and liabilities and reporting packages towards UniCredit S.p.A.. Moreover, the

2025 Report of the Management Board

Management Board is requested to attest that the economic and financial situation, the assets and liabilities and reporting packages towards UniCredit S.p.A correspond to the results of the accounting books and records are suitable to provide a true and correct representation of the assets and liabilities, and the economic and financial situation of the Legal Entity.

The Bank uses Olympic software as a general ledger. The Bank integrated the accounting and reporting tools with a middleware based on an Oracle technology: Advance Management Information System (AMIS). AMIS is based on the mainly automated uploading of individual transaction data from the upstream systems relevant to financial reporting (sub-ledger). SAP Business Warehouse is automatically supplied with data by the AMIS. This solution allows to fulfil the new internal analytical reporting needs related to the business by enriching accounting data with information for analytical controlling purposes and to ensure the consistency of accounting and controlling data.

AMIS DB allows the collection, integration and harmonisation of data coming from several sources. With the SAP BW (Business Warehouse) reporting layer an ad-hoc multidimensional analysis is available to easily extract data and to provide flexible managerial reporting. Explore and SAP Business Warehouse are used for reporting and data retrieval. Explore is the data source used for FINREP reporting to the local regulator.

The Head of IT is responsible for the maintenance of the IT systems required for the financial reporting process. The figures for the UC Group consolidated financial statements and the subsequent consolidated bookings are collected and reported using the TAGETIK CPM consolidation system used in the entire UC Group and network across all UC Group companies. TAGETIK is automatically supplied with data by AMIS. The law dated 18th December 2015 transposed into Luxembourg law EU Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD) and EU Directive 2014/49/EU on deposit guarantee schemes (DGSD). The Bank was not requested to contribute to the national resolution fund in 2025.

Employees

Below are the staff figures as at 31st December 2025:

Bank's staff	2025	2024
Top management	3	2
Employees	76	73
Total	79	75

As of 31st December 2025, the Bank employed 31 female and 48 male staff members.

In the current challenging environment, well-trained employees with the highest professional qualities are the prerequisites for meeting the high expectations of our clients. In this respect, a permanent commitment

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to outstanding performance in connection with the five fundamentals of the Group is reflected in the day-to-day work of our staff.

Inclusion and diversity were driving criteria considered for newly hired staff in 2024 as shown by the broad geographical origin (16 nationalities including Portuguese, Polish, Romanian, Croatian, Belgian, etc.). In particular, balanced gender distribution was increased in 2025. A balanced gender distribution was ensured also in talent pools. Diverse and sustainable Succession Pipeline are regularly reviewed.

To allow young students gaining experience in the Bank, the Bank has developed cooperative arrangements with universities and is offering several traineeships.

IV. Report on Internal Profit Centre

Wealth Management & Investment Management

The Bank ensures proximity to international- UHNWIs, financial holdings and family offices domiciled in Luxembourg and with a specific need of working with a local Bank in Luxembourg. With a wide range of products oriented both to Wealth Management and Corporate customers the Bank can satisfy specific and sophisticated needs of customers.

The Wealth Management mission is to provide international wealth management services, focusing exclusively on fully transparent international activities, aiming at providing local customers or Group customer with Luxembourg portfolios in UCInt, with a high quality of service, including asset management services. Accounts can be opened for private individuals, holdings, corporate and with fiduciary mandates.

All activities are meant to be closely linked to client generation from Italian Group entities (Cordusio and UniCredit S.p.A. Private Banking) or Luxembourg Group entities, as S.I.. The activities of UCInt do not overlap with the ones of the onshore networks but complement their offering through products and services designed to meet the needs of selected customers. The focus of the Bank in 2024, was on extending the cooperation already activated with Wealth management Italy also to Private Banking and Corporate Banking by fostering synergies with the entire Italian Commercial Networks.

Leveraging on Luxembourg financial centre characteristics, the Bank Wealth Management benefits from:

- a flexible legislation aimed at continuously promoting cross-border businesses, with a track record of efficient and reliable solutions in a most stable financial centre (AAA rating);
- a proactive, business-friendly government as well as accessible regulators who are implementing the appropriate legal framework to offer an attractive environment for innovative products and to promote Luxembourg as a world-class financial centre;
- fully compliant solutions, offered within the European Union.

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In line with Group guidelines, financial assets are managed accordingly to the independent Global Investment Strategy (GIS) view. To further strengthen this link with the Group, an advisory agreement is in place with UniCredit S.p.A for the provision of investment models.

In compliance with the ICMA Private Wealth Management Charter of Quality and Group Policies, the Bank provides its customers with a spectrum of exclusive, high-level products and services.

In cooperation with the relevant Group Client Solutions units, UCInt offers to its clients' investment Banking products and services – financing capital markets, M&A and hedging solutions – to support them in corporate finance and capital markets transactions and fulfil their financial needs.

Luxembourg is the place where many families of entrepreneur have placed their holding company and, more generally, their own centre of economic interest. To develop this business, the Corporate Banking, Wealth Management and Group Client Solutions will be involved.

Strategic Funding & Treasury (SF&T)

SF&T is predominantly a client driven business. Consistently with the mission decided by the Holding Company, the business of the Strategic Funding & Treasury is based on the following activities:

- The Bank performs selective investments for its own portfolio. The investments are usually carried out in fixed rate European Government Bonds. The instruments are purchased either for liquidity purpose or for capital Investment.
- The Bank manages the WM clients' orders (bonds, equities, funds) through an automated solution to route the orders to the standard UniCredit market platform.

2025 Report of the Management Board
V. Statement of financial position

in k EUR	AMOUNTS AS AT	
	31.12.2025	31.12.2024
ASSETS		
Cash and cash equivalents	20,870	24,571
Financial assets at fair value through profit or loss:	3,717	2,267
a) other financial assets mandatorily at fair value	3,717	2,267
Financial assets at fair value through other comprehensive income	275,719	421,556
Financial assets at amortised cost:	1,862,398	1,020,195
a) loans and advances to banks	82,392	31,654
b) loans and advances to customers	1,030,414	332,187
c) debt securities	749,592	656,354
Hedging derivatives	37,554	49,677
Equity investments	45,310	45,310
Property and equipment	4,332	238
Intangible assets	5,879	6,337
Tax assets:	10,311	15,857
a) current	1,054	1,306
b) deferred	9,257	14,551
Other assets	8,269	4,807
Total assets	2,274,359	1,590,815

	AMOUNTS AS AT	
	31.12.2025	31.12.2024
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities		
Financial liabilities at amortised cost:	1,931,319	1,245,194
a) deposits from banks	1,335,887	591,219
b) deposits from customers	591,093	653,860
c) other liabilities	4,339	117
Hedging derivatives	4,796	10,522
Tax liabilities:	10,268	15,065
a) deferred	10,268	15,065
Other liabilities	11,741	7,086
Provisions for risks and charges:	5,467	5,917
a) commitments and guarantees given	65	15
b) post-retirement benefit obligations	2,534	3,029
c) other provisions for risks and charges	2,868	2,873
Total liabilities	1,963,591	1,283,784
Equity		
Revaluation reserves	5,454	3,855
Retained earnings	82,784	82,486
Legal reserve	1,341	1,341
Share premium	205,644	205,644
Share capital	13,407	13,407
Profit for the year	2,138	298
Total equity	310,768	307,031
Total liabilities and shareholders' equity	2,274,359	1,590,815

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The balance sheet total of € 2.3 billion on 31st December 2025 showed an increase of € 0.7 billion, or 43%, compared to the previous year-end. The increase of total assets can be mainly explained by the increase of loans to customers.

The Bank's total loans facilities with customers was € 1.2 billion (of which off-balance-sheet credit lines entirely drawn and uncommitted credit lines unused for € 0.1 billion).

Overall, in 2025, the very good quality of the Bank's assets portfolio was maintained. More than 80% of the Bank's commitments were to borrowers with group internal ratings of A+ or better, whereas the securities portfolio was fully composed of European government bonds.

Client deposits at year-end 2025 amounted to € 0.6 billion mainly composed of deposits with WM and Corporate clients.

2025 Report of the Management Board
VI. Statement of Profit or Loss

ITEMS	YEAR	
	2025	2024
Interest income calculated using the effective interest method	81,596	65,653
Other interest income	3,261	12,140
Interest expense and similar charges	(68,284)	(61,052)
Net interest income	16,573	16,740
Fees and commission income	19,564	14,779
Fees and commission expense	(13,247)	(8,606)
Net fees and commission income	6,317	6,173
Net gains on trading	206	259
Net losses on non-trading financial assets mandatorily at fair value through profit or loss	(20)	(4)
Net gains / (losses) on hedge accounting	(385)	225
Gains on disposal of securities	2,464	185
Operating income	25,155	23,578
Net (losses) / recoveries on credit impairment	44	(70)
Net profit from financial activities	25,199	23,508
Administrative expenses:	(19,692)	(19,952)
a) staff costs	(11,755)	(11,109)
b) other administrative expenses	(7,937)	(8,843)
Net provisions for risks and charges	(50)	(27)
Net value adjustments/ write-backs on property and equipment	(247)	(195)
Net value adjustments/ write-backs on intangible assets	(1,668)	(2,897)
Other operating (expense) / income	(320)	200
Operating costs	(21,977)	(22,871)
Profit before tax from continuing operations	3,222	637
Tax expenses of the year from continuing operations	(1,085)	(339)
Profit for the year	2,137	298

Revenues

Net interest income amounted to € 16.6 million at the end of 2025 with a decrease of € 0.1 million, compared to the previous year. The development is mainly triggered by the higher cost of funding for the credit facilities with the customers (that increased versus 2024) and lower carry generated from the bond portfolio.

Net commission income amounted to € 6.3 million in 2025 with a € 0.1 million or 2% increase compared to 2024 mainly due to increasing fees from Fund Management.

At the end of 2025, net gains on disposal of securities amounted to € 2.5 million, an increase of € 2.3 million compared to previous year. This is mainly explained by the trading income from disposal of government securities.

2025 Report of the Management Board

Operating income amounted to € 25.2 million at the end of 2025. This represents an increase of € 1.6 million or 7% compared with the previous year's figure.

Operating costs

Operating costs summed up to € 22.0 million in 2025 compared to € 22.9 million in 2024.

Staff costs increased by € 0.6 million. Other Administrative Expenses decreased by € 0.9 million mainly due to ICT costs faced in 2024 for the integration to the UC Group IT infrastructure. Depreciation on tangible and intangible assets amounted to € 1.9 million as of 31st December 2025, compared with € 3.1 million in 2024.

In 2025, the profit from continuous operations was € 3.2 million. This represents a € 2.6 million increase versus the 2024 result of € 0.6 million.

After accounting for provisions, depreciation, amortisation and taxes, the Bank's net profit of € 2.1 million was € 1.8 million higher compared to the € 0.3 million reported in 2024.

The Bank's net profit of € 2.1 million is to be allocated as follows, subject to the approval of the Extraordinary General Shareholders' Meeting:

Dividend:	€ 2.0 million
Retained earnings:	€ 0.1 million

Furthermore, in the interest of continuing to be eligible for the benefits provided under the amended Law of 23rd December 1997 concerning the exemption from the net wealth tax (Impôt sur la Fortune), it will be proposed to the General Meeting of Shareholders to cancel the reserve created for 2021 amounting to € 7,709,700 and to create a new net wealth tax reserve for 2026 amounting to € 7,000,000. The total amount of this non-distributable reserve will amount to € 22,800,000, which corresponds to five times the net wealth tax due for the financial years 2022 to 2026.

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VII. Outlook for 2026

In the upcoming financial year, the Bank aims to further strengthen its position as a leading financial institution in Luxembourg by pursuing strategic initiatives across various domains.

In consideration of the political stability, financial solidity (AAA) and effective local normative framework, our international minded customers consider increasingly strategic to manage in Luxembourg part of their assets. Under its current and future strategy, the Bank will ensure proximity to UHNWIs, corporate, financial holdings and family offices domiciled in Luxembourg and with a specific need of working with a local Bank in Luxembourg. In particular, thanks to a wide range of products, the Bank is continuing to satisfy specific and sophisticated financial needs of financial holdings and to serve the UHNWIs who request a Luxembourgish Bank to achieve a geographical diversification of the risk.

In line with the new Business Plan, also in 2026 the Bank is going to implement business initiatives according to four pillars:

- centralisation of asset management activities;
- coordination with the Italian network;
- horizon widening towards new geographies;
- local development.

After the acquisition of UC INVEST from UniCredit Bank GmbH, the focus of the Bank in 2026 will continue to be on the enhancement of the processes of S.I., also in consideration of the strong increase of business volume in asset management, product complexity and number of external partners,

The Bank sees a high potential from continuing to be a major actor in the Group value chain for Asset Management. A key priority is to consolidate the collaboration with the Management Company, Structured Invest, ensuring optimised operations and innovative product offerings. A further driver of growth will be the offer of tailor-made fund solutions in partnership with S.I.. The Bank acts as investment manager for funds managed by UC INVEST and as sub-investment manager for funds where UC INVEST acts as investment manager. For both UC INVEST and the Bank an even stricter cooperation will be a key success factor for future developments. A strong cross-selling effort is planned for the next years, aiming at enlarging the scope of the cooperation from Germany to Italy by:

- increasing mandated with corporate clients;
- greatly increasing business with external institutional clients (e.g. insurance companies) and Group counterparties.

In addition, after the launch of Onemarkets SICAV S.A. Umbrella Fund, UCG could leverage on a new platform to improve quality of Investment solutions delivered to clients, foster efficiency and sustainable profitability. With the new UCITS platform, UCG will increase financial assets invested into funds, achieve scale, enhance quality and expand internal capabilities.

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The Bank's vision, principles and purpose are going to be fully aligned with ESG. For enabling the offer of ESG compliant services and products, the Bank is going to leverage on existing Group expertise on:

- i. assessing sustainable and green investment offerings;
- ii. sustainability standards;
- iii. responsible governance;
- iv. measures to fight "green washing".

The second major driver of commercial development in 2026, will consist in extending the cooperation with WM/PB/ Large Corporate Italian Network to foster synergies with the entire Italian Commercial Networks. Building on the cooperation with the Italian network, we aim to expand synergies, leveraging shared expertise to foster business developments in the asset management area.

After starting cooperation with the networks of the first CEE countries, in the medium term, the Bank will leverage on the entire existing UniCredit group network. It is foreseen to enlarge the clients' base with customers from other markets interested in the product and services offered in Luxembourg by enhancing connections with the Group network, international branches and representative offices and leveraging on the international mind-set of multi-lingual and multi-cultural staff in Luxembourg.

Additionally, after the encouraging results achieved in the previous years, the Bank will continue to establish and develop local relationships with new customers with the target to increase UniCredit share wallet for assets managed by Luxembourg Family Offices & Fin Holdings and business with Corporate.

The main goal of this client approach is to attract new clients and maximise the overall profitability of the relationship by means of collateralised transactions with reduced capital absorption and by optimising the management of customers' liabilities while creating cross-selling opportunities.

In parallel with the development of business with clients, the Bank will focus on consolidating its IT infrastructure and accelerating the digitalisation of its services to ensure operational efficiency and improve client experiences. Alongside this, we are committed to continuously enhancing IT security, aligning with the highest industry standards to safeguard client data and maintain trust.

To address evolving market demands, the Bank will continue to enlarge its product catalogue and explore new channels to reach clients, thereby reinforcing its customer-centric approach. Concurrently, efforts will be directed towards further enhancing risk management systems, ensuring a robust framework that supports sustainable growth.

Additionally, as part of our commitment to providing a modern and efficient working environment, the Bank will intensify its research for new, modern office premises, ensuring alignment with the needs of employees and stakeholders alike.

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Through these initiatives, the Bank reaffirms its dedication to innovation, growth, and operational excellence, ensuring value creation for clients and shareholders.



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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of UniCredit International Bank (Luxembourg) S.A. (the "Bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.



Other information

The Management is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the financial statements and our report of the “réviseur d'entreprises agréé” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one



resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Shareholders on 3 March 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Luxembourg, 20 February 2026

KPMG Audit S.à r.l.
Cabinet de révision agréé

Marco Weber

UniCredit International Bank (Luxembourg) S.A.

Statement of financial position

For the financial year ended as at 31 December 2025

ASSETS In EUR	NOTES	AMOUNTS AS AT	
		31.12.2025	31.12.2024
Cash and cash equivalents	5	20,869,968	24,571,324
Financial assets at fair value through profit or loss:	6.2	3,716,992	2,266,692
a) other financial assets mandatorily at fair value	6.2	3,716,992	2,266,692
Financial assets at fair value through other comprehensive income	7	275,719,333	421,555,650
Financial assets at amortised cost:	8, 9	1,862,398,002	1,020,195,091
a) loans and advances to banks	8	82,392,315	31,653,897
b) loans and advances to customers	9	1,030,414,213	332,186,907
c) debt securities	9	749,591,474	656,354,287
Hedging derivatives	3.2.2, 6.1	37,554,128	49,677,444
Equity investments	13.1	45,310,103	45,310,103
Property and equipment	11	4,332,323	238,405
Intangible assets	12	5,878,478	6,336,922
Tax assets:		10,310,509	15,856,914
a) current	27	1,053,854	1,305,546
b) deferred	10	9,256,655	14,551,368
Other assets	13.2	8,268,757	4,807,350
Total assets		2,274,358,593	1,590,815,895

LIABILITIES & SHAREHOLDERS' EQUITY In EUR	NOTES	AMOUNTS AS AT	
		31.12.2025	31.12.2024
Liabilities			
Financial liabilities at amortised cost:	14, 15, 3.3.2	1,931,320,237	1,245,196,226
a) deposits from banks	14	1,335,888,442	591,219,336
b) deposits from customers	15	591,093,223	653,859,814
c) other liabilities	3.3.2	4,338,572	117,076
Hedging derivatives	3.2.2, 6	4,795,959	10,522,040
Tax liabilities:		10,268,203	15,064,527
a) deferred	17	10,268,203	15,064,527
Other liabilities	18	11,740,545	7,085,714
Provisions for risks and charges:	16	5,466,627	5,917,003
a) commitments and guarantees given	16	65,347	15,107
b) post-retirement benefit obligations	16.1	2,533,734	3,029,136
c) other provisions for risks and charges	16	2,867,546	2,872,760
Total liabilities		1,963,591,571	1,283,785,510
Equity			
Revaluation reserves	20.4	5,453,737	3,854,767
Retained earnings	20.5	82,783,896	82,485,778
Legal reserve	20.1	1,340,660	1,340,660
Share premium	20.3	205,644,462	205,644,462
Share capital	19	13,406,600	13,406,600
Profit for the year		2,137,667	298,118
Total equity		310,767,022	307,030,385
Total liabilities and shareholders' equity		2,274,358,593	1,590,815,895

The accompanying notes form an integral part of these financial statements.

UniCredit International Bank (Luxembourg) S.A.

Statement of Profit or Loss

For the year ended as at 31 December 2025

In EUR	NOTES	YEAR	
		2025	2024
Interest income calculated using the effective interest method	21.1	81,596,382	65,652,605
Other interest income	21.1	3,260,560	12,139,550
Interest expense and similar charges	21.2	(68,283,866)	(61,052,188)
Net interest income	21	16,573,076	16,739,967
Fees and commission income	22.1	19,563,271	14,779,390
Fees and commission expense	22.2	(13,246,563)	(8,606,097)
Net fees and commissions income	22	6,316,708	6,173,293
Net gains on trading	23	206,436	259,172
Net losses on non-trading financial assets mandatorily at fair value through profit or loss	24.4	(20,133)	(3,528)
Net (losses) / gains on hedge accounting	24.2	(384,567)	225,121
Gains on disposal of securities	24.1	2,464,291	184,687
Operating income		25,155,811	23,578,712
Net recoveries / (losses) on credit impairment	28	43,643	(70,010)
Net profit from financial activities		25,199,454	23,508,702
Administrative expenses:		(19,691,853)	(19,952,220)
a) staff costs	25	(11,754,602)	(11,109,394)
b) other administrative expenses	26	(7,937,251)	(8,842,826)
Net provisions for risks and charges		(50,240)	(27,050)
Net value adjustments/ write-backs on property and equipment	11	(246,686)	(195,013)
Net value adjustments/ write-backs on intangible assets	12	(1,668,117)	(2,897,019)
Other operating (expense) / income	24.3	(320,012)	199,655
Operating costs		(21,976,908)	(22,871,647)
Profit before tax from continuing operations		3,222,546	637,055
Tax expenses of the year from continuing operations	27	(1,084,879)	(338,937)
Profit for the year		2,137,667	298,118

UniCredit International Bank (Luxembourg) S.A.

Statement of comprehensive income

For the year ended as at 31 December 2025

In EUR	YEAR	
	2025	2024
Profit of the year	2,137,667	298,118
Items that will not be reclassified to profit or loss	562,018	355,230
Movement in Defined benefit Plans	737,805	473,262
Income tax related to items that will not be reclassified	(175,787)	(118,032)
Items that are or may be reclassified subsequently to profit or loss	1,036,952	(618,388)
Debt instruments at fair value through other comprehensive income	1,290,323	(823,858)
Income tax relating to items that may be reclassified to profit or (loss)	(253,371)	205,470
Total other comprehensive income	1,598,970	(263,158)
Total comprehensive income for the year	3,736,637	34,960
Shareholders' equity	3,736,637	34,960

UniCredit International Bank (Luxembourg) S.A.

Statement of changes in equity

For the year ended as at 31 December 2025

In EUR	SHARE CAPITAL	SHARE PREMIUM	RESERVES	LEGAL RESERVE	RETAINED EARNINGS	PROFIT OF THE YEAR	TOTAL
At 1st January 2025	13,406,600	205,644,462	3,854,767	1,340,660	82,485,778	298,118	307,030,385
Profit for the year	-	-	-	-	-	2,137,667	2,137,667
Other comprehensive income, net of income tax							
Movement in net defined benefit plan	-	-	562,018	-	-	-	562,018
Change reserve on Financial assets at fair value through other comprehensive income	-	-	1,036,952	-	-	-	1,036,952
Financial assets other than equity instruments at fair value through other comprehensive income	-	-	1,598,970	-	-	-	1,598,970
Total comprehensive income for the year	-	-	1,598,970	-	-	2,137,667	3,736,637
Contributions by and distributions to equity shareholders							
Allocation to retained earnings	-	-	-	-	298,118	(298,118)	-
At 31st December 2025	13,406,600	205,644,462	5,453,737	1,340,660	82,783,896	2,137,667	310,767,022

The accompanying notes form an integral part of these financial statements.

UniCredit International Bank (Luxembourg) S.A.

Statement of changes in equity

For the year ended as at 31 December 2024

(continued)

In EUR	SHARE CAPITAL	SHARE PREMIUM	RESERVES	LEGAL RESERVE	RETAINED EARNINGS	PROFIT OF THE YEAR	TOTAL
At 1st January 2024	13,406,600	205,644,462	4,117,925	1,340,660	80,815,063	1,670,715	306,995,425
Profit for the year	-	-	-	-	-	298,118	298,118
Other comprehensive income, net of income tax							
Movement in net defined benefit plan	-	-	355,230	-	-	-	355,230
Change reserve on Financial assets at fair value through other comprehensive income	-	-	(618,388)	-	-	-	(618,388)
Financial assets other than equity instruments at fair value through other comprehensive income	-	-	(263,158)	-	-	-	(263,158)
Total comprehensive income for the year	-	-	(263,158)	-	-	298,118	34,960
Contributions by and distributions to equity shareholders							
Allocation to retained earnings	-	-	-	-	1,670,715	(1,670,715)	-
At 31st December 2024	13,406,600	205,644,462	3,854,767	1,340,660	82,485,778	298,118	307,030,385

The accompanying notes form an integral part of these financial statements.

UniCredit International Bank (Luxembourg) S.A.

Statement of cash flows

For the year ended as at 31 December 2025

(EUR)

	Notes	2025	2024
		EUR	EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		2,137,667	298,118
Adjustments for:			
Tax expenses	27	1,084,879	338,937
Depreciation and amortisation	11,12	1,914,803	3,092,032
Net provisions for risks and charges	16	50,240	27,050
Reversal of loan impairment		(43,643)	70,010
Defined benefit expense	16	378,361	358,289
Net (gain) on derivatives	7	(3,992,767)	(12,504,263)
Net interest income - interest to be received	7, 21	(59,166,692)	(43,227,131)
Net interest expenses - interest to be paid	21.2	49,213,317	45,742,178
Recycling effect OJ reserve	7	(253,371)	350,864
Changes in operating assets and liabilities:			
Net decrease in deposit with central banks	5, 8	3,701,356	(7,087,200)
Net decrease in derivative financial instruments	6	6,397,235	12,477,068
Net (increase) in loans and advances to banks	5, 8	(28,913,672)	377,798,782
Net (increase) in loans and advances to customers	9, 6.2	(792,914,793)	(340,458,046)
Net decrease in other assets	10, 13	19,823,063	1,477,331
Paid taxes		(3,129,724)	(2,546,447)
Net increase in deposits from banks	14	744,669,106	79,664,059
Net (decrease) in amounts due to customers	15	(62,766,591)	(103,713,881)
Net (decrease) in other liabilities	17, 18	(141,489)	(3,872,691)
Net (decrease) in defined benefit plan	16	(873,763)	(535,919)
Net cash (used) by operating activities		(122,826,478)	7,749,140

UniCredit International Bank (Luxembourg) S.A.

Statement of cash flows

For the year ended as at 31 December 2025

(EUR)

(continued)

	Notes	2025	2024
		EUR	EUR
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of subsidiary	13.1	-	(45,298,103)
Purchase of securities classified as FV/OCI	7	-	(19,648,000)
Purchase of property and equipment	11	(4,340,603)	(100,599)
Purchase of intangible assets	12	(1,209,673)	(610,267)
Proceeds from sale and redemption of securities classified as FV/OCI	7	150,201,500	66,206,000
Net cash provided by investing activities		144,651,224	549,031
Redemption of debt securities		-	(28,519,000)
Net cash used by financing activities		-	(28,519,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,824,746	(20,220,829)
Cash and cash equivalents at beginning of year		55,668,691	75,889,520
Cash and cash equivalents end of year		77,493,437	55,668,691

Please refer to Note 2.22 and Note 5 for the definition of cash and cash equivalents.

Any discrepancies in this table and between data shown are solely due to the effect of rounding.

Notes to the financial statements

1 General information

UniCredit International Bank (Luxembourg) S.A. (the Bank) was incorporated in the Grand-Duchy of Luxembourg on 30th September 2004 as a limited liability company (Société Anonyme). On 1st July 2008 and following the extraordinary meeting of shareholders held on 16th June 2008, the Bank merged by absorption with Capitalia Luxembourg S.A. with a retroactive accounting effect as of 1st January 2008. Since 15th December 2025, the registered office of the Bank is: 1, Avenue de l'Aéroport, L-1110 Senningerberg (formerly: 8-10, rue Jean Monnet, L-2180 Luxembourg).

The object of the Bank is to perform for its own account, as well as for the account of third parties, or on joint account with third parties, either within or outside the Grand-Duchy of Luxembourg, any banking or financial operations, including (but not limited to): receipt of sight or term deposits, granting of and taking of participation in credits, safekeeping and managing securities, administration and collection of coupons, the activity of asset manager, financial adviser, broker and commissioner, the provision of fiduciary services. Lastly, the Bank can perform all other operations, in order to facilitate the accomplishment of its purpose.

In the context of the UniCredit Group strategic project "Transform 2019" and of the subsequent internal reorganisation of the activities performed by the Group in the Grand-Duchy of Luxembourg, the Board of Directors of UniCredit S.p.A. (UC or The Parent Company), sole shareholder of the Bank, approved on 11th July 2016 a project aiming to create in Luxembourg a Global Family Office hub (hereinafter: GFO) under the responsibility of the Head of CIB Division, for serving Family Offices and Holding Companies offering them Investment Banking Products to fulfil their increasing financial needs.

In this context, it was proposed, and the Board of Directors of UC approved, the transfer of the Italian Private Banking Business from UniCredit Luxembourg S.A. (UCL) to the Bank.

UniCredit International Bank (Luxembourg) S.A. is a multi-divisional entity with revenue generation by two different business lines: Wealth Management (WM including Wealth Management Clients, Family Offices & Holding, Insurance and Fund Management), Strategic Funding & Treasury (SF&T). The mission of WM is to provide Private Banking services, to serve holding companies and family offices with a broad range of solutions to support their financial operations, to provide services to insurance companies and to provide investment management services to funds. SF&T performs selective investments for its own portfolio.

The Bank is included in the consolidated financial statements of UniCredit S.p.A. The consolidated financial statements of the Parent Company may be obtained from its registered office: Piazza Gae Aulenti, 3 Tower A, 20154 Milan (Italy).

In its meeting on 10th February 2026, the Management Board approved and authorised the financial statements, and the Supervisory Board reviewed them on 12th February 2026. At the same date, the Supervisory Board approved the proposal of the appropriation of profits to the Annual General Meeting of Shareholders.

Except otherwise indicated, all figures included in these financial statements are presented in euros (EUR).

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to each year presented, unless otherwise stated. Rounding differences may occur.

These separate financial statements of the Bank are its only financial statements.

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (hereinafter referred to as IFRS Accounting Standards). Additional information is included in the financial statements to comply with Luxembourg legal requirements.

2.1.2 Basis of measurement

In accordance with the framework of IFRS Accounting Standards and the IAS standards 1 and 8, the Bank is consistent in the use of recognition, measurement and presentation methods. Where errors of recognition or measurement in prior periods need to be corrected, the effects (if material) are recognised retrospectively in the first set of financial statements authorised for issue after their discovery in accordance with the requirements of IAS 8.41 – IAS 8.49.

The financial statements have been prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss (FV/PL) are measured at fair value;
- Financial assets at fair value through other comprehensive income (FV/OCI) are measured at fair value;
- Recognised financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships are adjusted for the changes in fair value attributable to the risk being hedged;
- The liability for defined benefit obligations is recognised at the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.

The Management has at the time of approval and authorisation of the financial statements, a reasonable expectation that the Bank has adequate resources to continue in operational existence for the near future. Thus, the Management continues to adopt the going concern basis of accounting in preparing the financial statements.

2.1.3 Foreign currency translation

(a) *Functional and presentation currency*

The financial statements are presented in euros, which is the Bank's functional currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary items, such as equities, are reported as part of the fair value gain or loss.

2.1.4 Use of estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.1.5 Changes in material accounting policy

In 2025, the amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability" (EU Regulation 2024/2862) came into force; however, it did not determine any material effect on the amounts recognised in balance sheet or income statement.

As of 31st December 2025, the following standards, amendments or interpretations, were endorsed by the European Commission, with applicability starting from 1st January 2026: (i) Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 - (EU Regulation 2025/1047); (ii) Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7 (EU Regulation 2025/1266); (iii) Annual Improvements Volume 11 (EU Regulation 2025/1331).

With specific reference to the Amendments to IFRS 9 and IFRS 7, they clarify: (i) SPPI (Solely Payments of Principal and Interest) assessment for financial assets with contingent features, including ESG-linked terms, (ii) derecognition timing and introduced an accounting policy option for liabilities settled via electronic payment systems when specified criteria are met, (iii) guidance for assets with non-recourse features and contractually linked instruments (CLIs). Moreover, they require new and enhanced disclosures. In more details:

- With reference to the SPPI assessment for financial assets with contingent features, the amendments clarify how to assess whether contractual cash flows remain consistent with a basic lending arrangement when the contingent event itself does not relate directly to changes in basic

lending risks and costs. The analysis requires to consider all contractually possible scenarios. A feature can still pass SPPI if contractual cash flows would not be significantly different from those of a financial instrument with identical contractual terms, but without such a contingent feature.

- With reference to derecognition, the amendments clarify the date of derecognition of financial assets and liabilities and introduces an accounting policy option to derecognise a financial liability before the settlement date when paid via an eligible electronic payment system. Conditions include: (i) no practical ability to withdraw/stop/cancel the payment; (ii) no practical ability to access the cash after initiating the instruction; and (iii) insignificant settlement risk with only a short time between instruction and delivery. With reference to assets with non-recourse features and CLI the amendments clarify what 'non-recourse' means in practice and refine the 'look-through' requirements for both non-recourse loans and CLIs.
- The amendments enhance disclosures on: (i) investments in equity instruments designated at FVOCI to improve transparency on amounts recognised in OCI, (ii) Instruments with contingent features requiring disclosing nature and terms of features that could change the timing or amount of cash flows (e.g., ESG triggers), and how they affect risk and performance. In this regard, UniCredit Group is carrying out a project to (i) assess the impact of new requirements specifically on ESG - linked instruments, (ii) guarantee compliance with new requirements amending its policies and processes coherently, if needed and (iii) produce the required disclosure.

No material impacts are expected as UniCredit Group policies have been assessed to be already basically compliant with the new requirements; therefore, also in these cases, the UniCredit Group does not expect substantial effects on the amounts recognised in balance sheet or income statement.

The application of the following standards, amendments or interpretations of the existing accounting standards, issued by the IASB, is subject to completion of the endorsement process by the competent bodies of the European Commission: (i) IFRS18 Presentation and Disclosure in Financial Statements (April 2024); (ii) IFRS19 Subsidiaries without Public Accountability: Disclosures (May 2024); (iii) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (November 2025) and (iv) Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures (August 2025). Except for IFRS 18, for which a dedicated analysis is provided below, the new standards and amendments are not expected to have material impacts on the Bank's financial statements.

IFRS 18 replaces IAS 1 and introduces three sets of requirements to improve entities' communication of financial performance in the statement of profit or loss: (i) presentation of new defined subtotals in the statement of profit or loss, (ii) disclosure of management-defined performance measures and (iii) enhanced requirements for grouping (aggregation and disaggregation) of information.

With reference to the presentation of new defined subtotals, the standard requires an entity to (i) classify income and expenses into operating, investing, financing, income taxes and discontinued operations categories in the statement of profit or loss, and (ii) present two new defined subtotals: operating profit and profit before financing and income taxes. The operating category consists of all income and expenses that are not classified in the investing, financing, income taxes or discontinued operations categories and, therefore, includes income and expenses arising from the entity's main business activities. The investing category includes: (i) income and expenses from assets that generate returns separately from an entity's business activities as well as (ii) income and expenses from cash and cash equivalents and investments in associates and joint ventures. The financing category includes income and expenses on liabilities. The income

The accompanying notes form an integral part of these financial statements.

taxes category consists of income tax expense (or tax income) that is included in profit or loss in accordance with IAS 12 Income Taxes. The discontinued operations category consists of income and expenses from discontinued operations recognised in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

With reference to banks, the standard envisages that income and expenses that would otherwise be classified in the investing or financing categories (such as interest income and expenses, fees income and expenses, write-downs on loans and trading profit) are part of the operating result for such companies. Consequently, banks would not present the “profit before financing and income taxes” subtotal.

2.2 International Tax Reform – Pillar Two Model Rules

Starting from fiscal year 2024, the UniCredit Group applies the newly designed Pillar Two regulation. The Pillar Two regulation provides for an international framework of rules aimed at ensuring that the worldwide profits of multinational groups are subject to tax at a rate not lower than 15% in every jurisdiction in which the groups operate.

The rules have been firstly designed by the Inclusive Framework of the OECD and then implemented in the European Union through the EU Council Directive 2022/2523 of 14th December 2022.

For EU countries, the Directive entered into force in FY2024 (in Luxembourg, the provisions of the Directive have been transposed into Luxembourg law on 20th December 2023 by passing the bill of law 8292. Certain non-EU Member States in which the UniCredit Group operates have implemented the Pillar Two rules starting from 2024 (e.g. United Kingdom) or 2025.

In a nutshell, the Pillar Two rules provide that, if in certain jurisdictions where the UniCredit Group operates, the effective tax rate (given by the ratio between adjusted corporate income taxes paid in that jurisdiction and adjusted accounting results) falls below 15%, then the UniCredit Group will be required to pay an additional tax (so-called top-up tax) to reach the 15% tax rate threshold.

The relevant set of rules also provides for a transition period in which the in-scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two legislation provides for a transitional safe harbor (“TSH”) that applies for the first three fiscal years following the entry into force of the relevant regulation; (recently extended by one year – until FY 2027). The TSH relies on simplified calculations (mainly based on data extracted from the Country-by-Country Reporting under BEPS Action 13, implemented in Italy with Law n. 208/2015) and three kinds of alternative tests. Where at least one of the TSH tests is met for a jurisdiction in which the UniCredit Group operates, the top-up tax due for such jurisdiction will be deemed to be zero.

A test is met for a jurisdiction where:

1. revenue and profit before tax are below, respectively, EUR 10 million and EUR 1 million (the de minimis test);
2. the Effective Tax Rate (i.e. ETR) equals or exceeds an agreed rate (the ETR test, 16% for FY 2025);
or
3. the profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

The UniCredit Group has performed an assessment of its potential exposure for top-up tax based on the most recent information available regarding the financial performance (Country-by-Country Reporting related to fiscal year 2024 for TSH regime and, provisionally, 2025 financial statements data). Based on the assessment performed, Luxembourg benefits from the TSH. Therefore, no top-up tax has been accrued.

The above analysis on the requirements to access the transitional simplified regime has to be considered as an estimation, given that, as already highlighted, it was based on the 2024 Country-by-Country Reporting and 2025 forecast data.

Starting from 2024, each legal entity of the UniCredit group has applied the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes referred to in paragraph 4 A IAS 12.

2.3 Trade date and settlement date of accounting

All regular transactions on non-derivative financial instruments are recognised and derecognised at “value date” which is the date that an asset is delivered to or by the Bank. Derivative hedging instruments and hedged items that form part of a hedge relationship are also recognised at value date. Derivative instruments held for trading are recognised on trade date.

2.4 Recognition of financial assets and financial liabilities

The Bank classifies its financial assets and liabilities in the following categories:

(a) Financial assets/liabilities at fair value through profit or loss

This category has two sub-categories: financial assets or financial liabilities held for trading, including derivatives that do not qualify for hedge accounting and those mandatorily at fair value through profit or loss.

A financial asset or a financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

Financial assets and financial liabilities are designated at fair value through profit or loss when:

- doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost for loans and advances to customers or banks and debt securities in issue;
- certain investments, such as other comprehensive income investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis;
- financial instruments, such as debt securities held, contain one or more embedded derivatives that significantly modify the cash flows.

The Bank classifies Loans and Receivables which initially are concluded to fail SPPI criteria into FV/PL category.

(b) Financial assets at fair value through other comprehensive income

The business model of government securities within the bond portfolio is achieved by both collecting contractual cash flows and by selling the financial assets. The Bank can sell financial assets to optimise liquidity or in case of changes in the market conditions. For the classification of financial assets in the FV/OCI category, the analysis of the business model is complemented by the analysis of the contractual cash flows (SPPI Test). As a result of the business model defined, in case of positive SPPI test, government securities are accounted for at FV/OCI.

(c) Financial assets at amortised cost

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as held to collect and sell; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration. The Bank operates primarily based on a “Hold to collect Business Model”, which is one of the prerequisites for measuring financial instruments at amortised cost, for the following instruments: loans to banks and loans to clients. In addition, the Bank uses the UniCredit Group model for investing the free funds of the Bank. The Group model foresees that own funds are equally invested in assets with tenors up to 10 years on a rolling basis. In consideration of the specificities of the Banks structure, Government bonds have been selected as the appropriate assets to be used for the free fund’s investment model. The portfolio of bonds used for free funds investment is segregated from the remaining bond portfolio and as it is maintained with the aim to keep it until maturity it is also measured at amortised cost.

(d) Other financial liabilities

Other financial liabilities are those non-derivative financial liabilities that are not classified as financial liabilities held for trading.

2.5 Financial assets and financial liabilities measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished - that is, when the obligation is discharged, cancelled or expired. Financial assets at fair value through profit or loss are subsequently measured at fair value. Loans and advances are carried at amortised cost using the effective interest method (EIR). Gains and losses arising from changes in the fair value of the “financial assets held for trading” category are included in the profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of assets (only debt instruments) measured at FV/OCI are recognised directly in other comprehensive income, until the

financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in other comprehensive income is recognised in the profit or loss. However, interest calculated using the EIR and foreign currency gains and losses on monetary assets classified as financial assets at fair value through other comprehensive income are recognised in the profit or loss. Dividends on other comprehensive income instruments are recognised in the profit or loss when the entity's right to receive payment is established. In case of premium/discounts on purchased securities, the Bank is linearly amortising the premium/discounts according to the maturity of the related financial asset.

The fair values of quoted investments in active markets are based on current mid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums or discounts.

A simplified assumption is used to estimate the fair value of financial assets and liabilities carried at amortised cost at initial recognition: the cash flows of financial assets and liabilities maturing within a short-term period are not discounted if the effect of discounting is immaterial.

The Bank measures all financial liabilities at amortised cost using the EIR method, except for:

- Financial liabilities held for trading. Such liabilities, including derivatives that are liabilities, are measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted other comprehensive income instrument whose fair value cannot be reliably measured, which shall be measured at cost;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- Financial guarantee contracts are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principle of IFRS 15;
- Commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principle of IFRS 15.

The liabilities arising from financial guarantees and loan commitments are included within provisions.

Financial liabilities that are designated as hedged items are subject to the hedge accounting requirements (Note 2.7).

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There is no offsetting of financial instruments applied in the statement of financial position as on reporting date.

2.7 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values of derivatives with optionality are obtained from Group's systems, whereas the linear derivatives are valued via financial software. The linear derivatives (i.e. interest rate swaps) are all in a hedge accounting relationship. The Bank uses the hedge application of the financial software provider to ensure the same discount curves for the hedging instrument and the hedged item. Both tools use observable market curves and implied curves for its valuation techniques, including discounted cash flow models, as appropriate. The UniCredit Group tool also uses option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments, such as pay-out based on an equity index (in an equity linked note), are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss unless the Bank chooses to designate the hybrid contracts (the hybrid contract is not bifurcated) at fair value through profit or loss.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Bank may designate certain derivatives as either:

- a) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- b) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or
- c) hedges of a net investment in a foreign operation (net investment hedge).

Starting from July 2025, in line with UniCredit Group, the Bank changed its accounting policy regarding hedge accounting, by adopting IFRS 9 instead of IAS 39. The Bank is applying only micro fair value hedge. In relationship to micro fair value hedge of linear exposures with linear hedging instruments, there are no substantial changes versus the former framework. In general, hedge relationships that qualified for hedge accounting in accordance with IAS 39 also qualify for hedge accounting in accordance with IFRS 9 and, having been assessed as effective under IAS 39, no rebalancing is needed. A hedging relationship qualifies for hedge accounting if there is formal designation and documentation of the hedging relationship including the risk management objective, the strategy for undertaking the hedge and how the hedging instrument's effectiveness will be assessed. It is necessary to assess the hedge effectiveness, at inception and in subsequent periods. In offsetting the exposure to changes in the hedged item's fair value or cash

flows attributable to the hedged risk. A hedge is regarded as highly effective if there is an economic relationship (i.e. the hedged item and the derivative are fully matched on the hedged risk), not dominated by credit risk, and the hedge ratio is within a reasonable range (i.e. btw 80 and 125 per cent).

The hedge is assessed on an ongoing basis and thus must prospectively remain highly effective throughout the financial reporting periods for which the hedge was designated. The assessment of effectiveness is made at each balance sheet date or other reporting date.

If the assessment does not confirm the effectiveness of the hedge, from that time on hedge accounting is discontinued in respect of the hedge and the hedging derivative is reclassified as a held-for-trading instrument. Hedge accounting is discontinued prospectively if the hedge is terminated or no longer highly effective; the hedging instrument expires or is sold, terminated or exercised; the hedged item is sold, expires or is repaid, or it is no longer highly probable that the forecast transaction will occur.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Effective changes in fair value of interest rate swaps and related hedged items are reflected in “net interest income – net (losses) / gains on hedge accounting”. Any ineffectiveness is recorded in “net gains on trading”.

If the derivative expires or is sold, terminated, or exercised, or no longer meets the criteria for fair value hedge accounting, or the designation is revoked, hedge accounting is prospectively discontinued. Any adjustment up to that point to a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged other comprehensive income security remains other comprehensive income until the disposal of the other comprehensive income security.

Certain derivative instruments are used for economical hedging purposes without applying hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the profit or loss under net trading income.

The Bank entered into a micro fair value hedge relationship to protect itself against changes in the fair value of financial liabilities due to movement in interest rates. The Bank designates the benchmark rate as the hedged risk and accordingly enters into interest rate swaps whereby the fixed leg represents the economic risk of the hedged item. EIR includes all fees that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

During the reporting period the Bank did not apply cash flow and net investment hedge.

2.8 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading (Note 2.11), are recognised within “interest income and similar revenues” and “interest expense and similar charges” in the profit or loss. For financial instruments with upfront fees or amortisation schedules, the Effective Interest Rate (EIR) method is used to calculate interest income and interest

expenses, in particular for financial instruments such as loans or bonds. It is a method that reflects the true economic cost or benefit of an interest rate over the life of the financial instrument.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.9 Fees and commissions

Fees and commissions income which are not part of the effective interest rate of a financial instrument and other operating income are accounted for in Profit or Loss as the entity satisfies the performance obligation embedded in the contract, according to “IFRS 15 Revenue from Contracts with Customers” rules.

In particular:

- if the performance obligation is satisfied at a specific moment (point in time), the related revenue is recognised in Profit or Loss when the service is provided;
- if the performance obligation is satisfied over-time, the related revenue is recognised in Profit or Loss in order to reflect the progress of satisfaction of such obligation.

Due to the above-mentioned rules, transaction fees coming from trading in securities are typically booked in the moment when the service is provided while fees related to portfolios management, consulting or fund management are normally recognised during the term of the contract (input method).

For this second type of fees, in fact, it is deemed that the input which is necessary to provide the service incorporated in the performance obligation are evenly distributed during the term of the contract.

If the timing of cash-in is not aligned to the way the performance obligation is satisfied, the Bank accounts for a contract asset or a contract liability for the portion of revenue accrued in the period or to defer in the following periods.

The amount of revenues linked to fees and commissions income and other operating income is measured based on contractual provisions.

If the amount contractually foreseen is subject, totally or partially, to variability, a revenue must be booked based on the most probable amount that the Bank expects to receive.

Such amount is determined based on all facts and circumstances considered relevant for the evaluation, which depend on the type of service provided and, in particular, on the presumption that it is not highly probable that the revenue recognised will not be significantly reversed.

Please note, nevertheless, that for the services provided by the Bank such a variability is not usually foreseen. Finally, if a contract regards different services whose performance obligations are not satisfied at the same time, the revenue is allocated among the different obligation proportionally to the stand-alone price of the single item delivered. These amounts will be accounted for in the Profit or Loss based on the timing of satisfaction of each obligation.

Fee and commission are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are accrued over the life of the loan using the EIR methodology.

Commission and fees arising from negotiating a transaction for a third party are recognised on completion of the underlying transaction. Management and other service fees are recognised based on the applicable

service contracts and are accrued over the time. Asset management fees related to investment funds are recognised pro-rata over the period in which the service is provided. The same principle is applied for wealth management and custody services.

The principles mentioned above are applicable also to commission expenses.

2.10 Dividend income

Dividend income is recognised in the Profit or Loss when the Bank's right to receive the payment is established.

2.11 Net trading income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Bank selected to present the full fair value movement of trading assets and liabilities in trading income, including any related interest income, expense and dividends.

2.12 Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) remain in the statement of financial position, the counterparty liability is included in deposits from banks. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances to banks. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements.

2.13 Impairment of financial assets

The Bank assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. In line with IFRS 9, all financial assets that are measured at amortised cost (AC) or debt instruments at fair value through other comprehensive income (FV/OCI) and off-balance sheet exposures shall be considered as exposures subject to impairment.

1. A credit event does not have to occur for a credit loss to be recognised (i.e. Expected Credit Losses (ECLs) are recognised also for non-impaired financial assets).
2. ECLs are recalculated at each reporting date in order to reflect changes in credit risk since initial recognition of a financial instrument and are deducted from the related financial assets.
3. Forward-looking information and macro-economic factors are used for the determination of ECLs.

The Bank has currently not impaired financial assets as all the assets are in Stage 1. Therefore, currently there is no need and no requirement to incorporate the forward-looking information into the determination of expected credit losses.

Stage allocation acts as the determinant for the appropriate ECL time horizon to be used.

For IFRS 9 Expected Credit Loss estimation, the Bank is required to appropriately allocate exposures into Stages, where:

Stage 1 – To this stage the Bank will allocate all exposures for which the Bank concludes that no significant increase in credit risk occurred since inception of the loan.

Stage 2 – To this stage the Bank would classify financial assets which exhibited significant increase in credit risk since initial recognition.

Stage 3 – To this stage the Bank would classify assets which are considered to be credit impaired.

The ECL model uses a dual measurement approach depending on the extent of credit deterioration since initial recognition:

Stage 1 – Double point 12 months expected credit losses.

Stage 2/3 – Lifetime expected credit losses.

Group model

The Bank uses the transfer logic of UniCredit Group for stage allocation between Stage 1 and Stage 2 for almost all exposures (Banks, Government and Multinational Corporates) except for Private Banking exposures (local approach). The Group stage allocations model is based on the application of qualitative and quantitative measurement and is disclosed in its Financial Statements.

For the exposures not covered by the Group Model (local approach on Private Banking Exposures) the bank uses mainly a qualitative approach. It should be noted that in general the Private Banking exposures are fully collateralised by the clients pledged Assets under custody portfolio. Furthermore, the Stage 1 and 2 allocations for these clients requires approval of the Bank's Credit Committee. Risk Management proposes the allocation based on 30 days past due and/or significant credit deterioration. A loan to collateral (LtV) ratio at or above 80% is a quantitative indicator for a SICR (significant increase in credit risk) for stage 2 allocation.

For the purpose of identifying default of borrowers the Bank uses the rebuttable presumption as stipulated in IFRS 9.B5.5.37 as well as in Article 178 1(b) of REGULATION (EU) No 575/2013 of 90 days past due as an indicator of the default. It should be noted, that for the purpose of meeting the past due criterion, the Bank will assess whether the identified past due situation does not comprise a technical past due situation.

Provisioning for Stage 3

In line with UniCredit Group guidelines, provisions have to be recognised whenever the estimated recoverable amount of an exposure is lower than its carrying amount. For a financial asset that is credit-impaired at the reporting date and that is not a purchased or originated credit-impaired financial asset, the estimated recoverable amount is the present value of future cash flows expected to be recovered, discounted at the original effective interest rate of the exposure.

Therefore, the main determinants of this value are:

- the expected cash flows;
- the expected timing of payments of these cash flows;
- the effective interest rate used for discounting.

ECL model application

In order to calculate the expected loss and the related loan loss provision, the Bank uses Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) parameters. The Bank applies two separate models to obtain aforementioned parameters. These two models cover all its exposures subject to impairment, including both balance sheet and off-balance exposures. These models could be summarised as follows:

- Private Banking Model (PB Model)

The PB Model is determined by entity's key management personnel i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Bank and it is concluded to be held to collect contractual cash flows. In the PB Model collateral is deemed as key driver of credit risk. The

expected future losses are mostly determined by the LtC (Loan to Collateral) ratio. This ratio is managed actively by the Bank to ensure that there is always surplus collateral available to offset the loan exposure. In case the ratio increases either the client tops up the collateral, or the Bank has the right to liquidate a part of the portfolio, thereby reducing the LtC ratio.

- Score-based model (based on group methodology and inputs) (Group Model)

A significant portion of Bank's exposures consists of loans and bonds with sovereigns, supranational institutions and banks. Application of such statistical model established by UniCredit Group is deemed appropriate in the Banks circumstances for counterparties like sovereigns and banks since such exposures would be homogeneous with the Group wide exposures within the same category and therefore Group-wide statistics are an appropriate measure of credit risk given limited default history observed locally. Group model is based on internal Group scores assigned to the counterparty and statistical methods applied in determination of risk parameters. The Bank would obtain credit risk parameters from the group which would then be applied locally in order to quantify the ECL.

Balance type	Counterparty type	Product type	Model type
On balance	Private Banking Clients	Lombard Loans	PB model (except for clients with Group Model)
		Term deposits	
		Current account/Credit Facility	
	Rated entities (Banks, Sovereigns and Supranational)	Bonds purchased	Group Model
		Balances with Central Bank	Group Model
		Balances with other banks	Group Model
Off-balance sheet	Private Banking Clients	Guarantees given	PB Model
		Loan commitments	PB Model

2.14 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, controlled by the Bank and from which future economic benefits are probable.

Intangible assets include software, brands, patents and assets used by the Bank as lessee.

Intangible assets other than goodwill are recognised at purchase cost, i.e. including any cost incurred to bring the asset into use, less accumulated amortisation and any accumulated impairment loss. An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life. Software is amortised over 3-8 years. An intangible asset with indefinite life is not amortised.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or sale in the future and any difference between sale proceeds and carrying value is recognised in the profit or loss. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure on intangible assets is recognised as an asset only when it meets the recognition criteria set out in IAS 38.18–20, i.e. when it is probable that the expected future economic benefits attributable to the asset will flow to the Group and the cost can be measured reliably. All other subsequent expenditure is expensed as incurred.

2.15 Property and equipment

All Property and equipment are measured at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office equipment and machines	3 - 8 years
Other fixtures and fittings	3 - 8 years

The assets' residual values, depreciation methods and useful lives are reviewed and adjusted if appropriate, at each statement of financial position date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income or other operating expenses in the profit or loss.

In line with IFRS 16, the Bank books within this balance sheet item the right of use assets. Please also refer to Note 2.16.

2.16 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are assessed annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating units. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.17 Leases

The leases entered into by the Bank are operating leases. The Bank operates as lessee. The total payments made under operating leases are charged to other operating expenses in the profit or loss over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

IFRS 16 is applied to lease contracts of tangible assets, different from short term and/or including low value assets. The Bank calculates the initial recognition amount of the lease liability by discounting at the incremental borrowing rate, the future lease payments. The incremental borrowing rate is determined by considering its cost of funding for liabilities similar, in terms of duration and security, to the one implicit in the lease contract. The Bank recognises a right of use asset as the sum of the lease liability, the lease payments made at or before the commencement date and the initial direct costs.

Subsequent to initial recognition the lease liability shall be subject to the calculation of amortised cost and subject to remeasurement so to consider changes in lease term, lease payments or contractual modification. Subsequent to initial recognition the right of use asset shall be subject to amortisation along the lease term as well as assessment of the need to calculate impairment loss.

2.18 Defined Benefit pension plan

The Bank operates four defined benefit pension plans in favour of some employees. The pension plans are all funded through payments to an insurance company, determined by periodic actuarial calculations.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected UniCredit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The remeasurements of the net defined benefit obligation are recognised immediately in Other Comprehensive Income.

2.19 Contribution pension plan

In addition to the defined benefit pension plans, the Bank also maintains two defined contribution pension plans, under which the Bank pays fixed contributions into “LaLux Assurances-Vie” and “Foyer Vie” and will have no legal or constructive obligation to pay further amounts. The contributions payables are recognised in the statement of comprehensive income when they are due in respect of services rendered before the end of the reporting period.

2.20 Other liabilities

Compliant with IAS 37, accruals and other items are shown under other liabilities. These reflect future expenditure of uncertain timing or amount, but the uncertainty is much less than for provisions. Accruals are carried at the amount likely to be used. Accruals are liabilities for goods and services received that have been neither paid for nor invoiced by the supplier, nor formally agreed. This also includes current liabilities to employees, such as flexi-time credits and outstanding vacation. Accruals are carried at the amount likely to be used.

2.21 Share-based payments

UniCredit Group Medium- & Long-Term Incentive Plans for selected employees include the following category: Equity-Settled Share Based Payments, which provide for the delivery of shares.

This category includes the following:

Group Executive Incentive System (Bonus Pool) that offer to eligible Group Executives and relevant employees identified following regulatory rules, a bonus structure composed by upfront (following the moment of performance evaluation) and deferred payments in cash and in shares, to be paid over a period of 5 years. This payment structure will guarantee the alignment to shareholder interest and will be subjected to malus (which applies in case specific profitability, capital and liquidity thresholds are not met at both Group and Country/Division level) and claw back conditions (as legally enforceable) as defined in Plan Rules (both non-market vesting conditions).

Group Executive Incentive System (Bonus Pool)

Group Executive Incentive System (Bonus Pool) is offered to eligible Executives of the Bank.

The economic value of Performance Shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.

Economic and Net Equity effects will be accrued on the basis of instruments' vesting period.

The new Group Incentive System is based on a bonus pool approach, aligned with regulatory requirements and market practices, which defines:

- sustainability, through a direct link with entity results and alignment with relevant risk categories, utilising specific indicators linked to risk-appetite framework;
- link between bonuses and organisation structure, defining the pool at country/division level with further review at Group level;
- bonuses allocated to executives and other relevant employees, identified on a basis of European Bank Authority (EBA) rules, according to local regulations;
- payment structure has been defined in accordance with regulatory provisions qualified by Directive 2013/36/EU (CRD IV) and will be distributed in a period of six years by using a mix of shares and cash.

All profit or loss and net equity effects related to the plan will be booked during the vesting period.

Luxembourg applies the same Group wide rules for vesting, valuation, and regulatory requirements (EBA, CRD V). All rules that allow the company to reduce or cancel awards if performance or conduct requirements are not met also apply in Luxembourg. However, its impact on the Luxembourg entity is very limited, as less

than 1% of our total employee population received share-based awards in 2025. The accounting effect for 2025 relates only to the standard IFRS 2 expense associated with the vesting of the instruments granted. No additional HR driven impacts arise for the financial year.

2.22 Cash and cash equivalents

Cash and cash equivalents include the amount of all cash or other assets that are readily convertible into cash. For the purposes of the cash flow statement, cash and cash equivalents include balances with less than three months' maturity from the date of acquisition. Please refer to Note 5.

2.23 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Financial guarantees

The Bank issues financial guarantees, assuring the beneficiary of the payment obligation of a Bank's client. This obligation can arise from a debt, rental payments or other financial obligations. Such financial guarantees are given to banks, financial institutions and other corporates on behalf of clients. By receiving a guarantee issued by the Bank, the beneficiary does not run any credit risk on the client anymore. Financial guarantees are subject to ECL calculation as described in Note 3.1.9.

2.25 Income taxes

Income taxes include the current and deferred income taxes.

Current income tax is recognised as the expected tax payable on the taxable profit for the year using the enacted or substantively enacted tax rate at the statement of financial position date including adjustments to tax payable in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred taxes have been adapted to the new tax rate (23,87%) that is valid as of 1st January 2025.

The principal temporary differences arise from revaluation of certain financial assets and liabilities including derivative contracts, provisions for pensions. The rates enacted or substantively enacted at the statement of financial position date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of FV/OCI investments, which are charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently (once the asset at FV/OCI has been derecognised) recognised in the profit or loss together with the deferred gain or loss.

Please see Note 2.3.

2.26 Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

3 Credit & Financial risk management

The Bank's activities expose it to a variety of financial risks, and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

At Group level risk management is carried out by a central Risk management department of the Parent Company (The Parent Risk Management department) under policies approved by its Board of Directors. The Parent Risk Management department identifies, evaluates and monitors financial risks in close co-operation with other operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

The Bank's risk management is operated by the Risk Management department which reports to the Chief Risk Officer. The objective of Risk Management is to ensure that the Bank's financial activity remains within the guidelines established by Management Board. The Bank follows the Parent Company's policy and acts locally with a low-risk appetite. Generally, its customers are already Parent Company customers. The Bank is mainly exposed to credit risk and to liquidity risk.

3.1 Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers, clients or counterparties failed to meet their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk, it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

In its banking business the Bank is exposed to the risk that its loans, regardless of their purpose, may not be repaid by debtors at maturity, and then must be fully or partially written off due to the deterioration of the debtor's financial conditions. The main reasons for default lie in the borrower's lacking the autonomous ability to repay the loan (due to a lack of liquidity, insolvency, etc.) or the occurrence of events that are unrelated to the debtor's operating and financial condition, such as country risk (defined as the inability of a borrower in another country to honour its obligations due, for example, to a deterioration in the country's economic situation or the local Government's adoption of restrictive measures). Defaults in relation to a large number of transactions, or one or more large transactions, could have a material adverse impact on the Bank's operations, financial condition and operating results.

The Bank monitors and manages credit quality, any specific risk relating to every counterparty and the overall risk of loan portfolios. The Bank established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

In 2025, all loans remain performing without any overdue.

In 2025, the credit demand and the utilisation of loans increased compared to 2024, primarily driven by higher exposure to the Bank's largest borrower.

3.1.1 Credit risk measurement

(a) Loans and advances

According to the nature and duration of the transaction, Risk Management formulates its recommendations for credit proposals/annual reviews submitted by the relationship managers and submits them subsequently to the competent bodies of the Bank as defined by the Supervisory Board and in accordance with the Global Regulation Operating Guidelines (OG's) and Approval Matrix in place.

The measurement and follow-up of credit risk exposure is performed on a daily basis by control on each loan and related collateral. Each customer credit line with a maturity over one year is subject to an annual review. This review includes a detailed analysis of the customer's financial situation, the associated country risk and adherence to repayment requirements. The Bank also reviews the risk associated with all credit provided to a single customer.

Collateral received on customers' credit lines is monitored on a daily basis for each individual position. The market value of the pledged security portfolio is EUR 3 billion.

In order to avoid a too high concentration of risks, the Bank has to respect the following criteria: the total risk exposure towards a single client or group of connected clients must not exceed 25% of the own funds of the Bank. The Bank has received an exemption to this rule on its risk exposure towards the Parent undertaking and Group entities.

(b) Debt securities and other bills

The Bank defines and yearly reviews limits for debt securities in order to limit the credit risk linked to its securities portfolio.

3.1.2 Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups and to industries and geographical.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers and industry segments. The exposure to any borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures.

The Bank monitors compliance with such limits on a daily basis. This monitoring is reviewed by the Risk Management department. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations.

Some other specific control and mitigation measures are outlined below.

(a) *Collateral*

The Bank employs a range of policies and practices to mitigate credit risk. With regard to the Lombard Loans, the Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for loans and advances are:

- Cash deposit at the Bank;
- Pledged securities portfolio;
- Pledged Insurance Policies;
- Financial guarantees received from the Parent Company or from an entity related to the borrower.

Collateral is monitored on a daily basis, and in order to minimise the exposure the Bank will seek additional collateral from the counterparty as soon as thresholds are broken for the relevant individual loans and advances.

(b) *Derivatives*

All derivatives have to be executed with a counterparty within UniCredit Group. In this context, the Bank maintains strict control limits on Counterparty Credit Risk Exposure. At any time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Bank (i.e. derivatives where their fair value is positive), which in relation to derivatives is only a small fraction of the notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall obligor limits with customers, together with potential exposures from market movements. Collateral in the form of cash or government bonds are usually exchanged for credit risk exposures on these instruments.

(c) *Credit-related commitments*

The primary purpose of these instruments is to ensure that credit is available to a customer as required subject to certain conditions in the form of loans, overdraft facilities and guarantees. With respect to credit risk on commitments, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3 Impairment and provisioning policies

The Bank reviews regularly credit risk exposures and computes quarterly Expected Credit Losses (ECL) related to those exposures. Further reference to the impairment methodology can be found in Note 2.13 "Impairment of financial assets".

The Bank has daily controls performed to react quickly on an upcoming potential issue. In case of past due loans and/or Unlikely to Pay, subsequent to an analysis of the reasons leading to such event, the Bank, after consultation with the customer, impairs, renegotiates or starts legal procedures/collection of the loan with such customer, as the case may be.

Objective evidence of credit deterioration is based amongst others on the following criteria:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delays in interest or principal payments;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, grants concessions to the borrower, which the lender would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; the disappearance though of an active market due to the fact that a company's financial instruments are no longer traded publicly is no evidence of impairment;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - Adverse changes in the payment status of borrowers in the group; or
 - National or local economic conditions that correlate with defaults on the assets.

3.1.4 Maximum exposure to credit risk before collateral held or other credit enhancements

	Maximum exposure	
	2025	2024
	EUR	EUR
Credit risk exposures relating to the statement of financial position are as follows:		
Cash balances at central banks and other demand deposits	20,869,968	24,571,324
Loans and advances	1,862,398,002	1,020,195,091
Loans and advances to banks	82,392,315	31,653,897
Loans and advances to customers	1,780,005,687	988,541,194
of which Loans and advances to corporate entities	1,030,414,213	332,186,907
of which debt securities	749,591,474	656,354,287
Derivative financial instruments including trading assets	37,554,128	49,677,444
Financial assets at fair value through other comprehensive income	275,719,333	421,555,650
Listed securities	275,719,333	421,555,650
Financial assets mandatorily at FV/PL	3,716,992	2,266,692
Other assets	4,837,665	4,807,350
	2,205,096,088	1,523,073,551
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial guarantees	2,026,746	2,870,564
Loan commitments and other credit related liabilities	156,008,379	74,325,898
As at 31st December	2,363,131,213	1,600,270,013

The above table represents the worst-case scenario of credit risk exposure to the Bank as of 31st December 2025 and 2024, without taking account of any collateral held or other credit enhancements attached. For assets included in the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. As shown above, the main part of the credit risk, before collateral held or other credit risk enhancement, is located within the loans and advances. Other assets reported above include only financial assets.

Loans to customers are secured by collateral (cash, listed securities and financial guarantees). Please see Note 3.1.7.

3.1.5 Movements in allowances and provisions for credit losses

ECL for loans and advances are summarised as follows:

in EUR	Opening balance 2025	Increases due to origination and acquisition	Decreases due to derecognition	Changes due to change in credit risk (net)	Other adjustments	Closing balance 2025
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	145,826	22,542	- 9,212	- 56,973	-	102,183
<i>Demand deposits</i>	15	60	- 15	-	-	60
<i>Debt securities</i>	48,654	4,656	- 8,138	- 6,614	-	38,558
<i>Loans and advances</i>	97,157	17,826	- 1,059	- 50,359	-	63,565
of which: individually measured allowances	145,826	22,542	- 9,212	- 56,973	-	102,183
Total allowance for debt instruments	145,826	22,542	- 9,212	- 56,973	-	102,183
Commitments and financial guarantees given (Stage 1)	15,108	1,732	- 2,270	50,779	-	65,349
Total provisions on commitments and financial guarantees given	15,108	1,732	- 2,270	50,779	-	65,349

in EUR	Opening balance 2024	Increases due to origination and acquisition	Decreases due to derecognition	Changes due to change in credit risk (net)	Other adjustments	Closing balance 2024
Allowances for financial assets without increase in credit risk since initial recognition (Stage 1)	75,816	106,534	- 39,407	2,883	-	145,826
<i>Demand deposits</i>	20	15	- 20	-	-	15
<i>Debt securities</i>	37,994	9,865	- 1,585	2,380	-	48,654
<i>Loans and advances</i>	37,802	96,654	- 37,802	503	-	97,157
of which: individually measured allowances	75,816	106,534	- 39,407	2,883	-	145,826
Total allowance for debt instruments	75,816	106,534	- 39,407	2,883	-	145,826
Commitments and financial guarantees given (Stage 1)	28,057	9,853	- 9,631	- 13,171	-	15,108
Total provisions on commitments and financial guarantees given	28,057	9,853	- 9,631	- 13,171	-	15,108

(a) Impaired loans and advances

The total allowance for loans and advances as of 31st December 2025 was EUR 102,183 (2024: EUR 145,826) and all of them are individually provisioned. The Bank has no loans and advances classified in stage 2 or in stage 3 as past due or non-performing as of 31st December 2025.

(b) Loans and advances renegotiated

Restructuring activities include the negotiation by the Bank and the customer of amended/deferred payment arrangements and the fixing of covenants to be observed by the customer. Once restructured, a previously overdue customer loan is reset to a normal status renegotiated loan that would otherwise be past due or impaired. Loans and advances renegotiated totalled zero as of 31st December 2025 and 31st December 2024.

3.1.6 Financial assets at fair value through other comprehensive income

The table below presents an analysis of financial assets at fair value through other comprehensive income by rating agency designation based on Standard & Poor's ratings or equivalent extracted by Group system UGRM (UniCredit Global Risk Monitor). The amounts reflected in the table below are related to EU Sovereign Government Bonds.

	2025	2024
	EUR FV/OCI	EUR FV/OCI
A+	158,242,993	-
A-	-	171,313,865
BBB+	117,476,340	-
BBB	-	250,241,785
	275,719,333	421,555,650

3.1.7 Seized collateral

Total collateral held by the Bank as of 31st December 2025 was EUR 1,089,427,381 with the following distribution:

- Cash deposit EUR 38,496,566;
- Pledged securities portfolio EUR 1,050,930,815.

In 2025, collateral held on Private Banking Lombard loans was mainly composed by cash, equities and investment grade securities with no significant change in the quality of the collateral compared to the previous year. Loan to Value and Loan to Collateral indicators were regularly monitored during the year. During 2025 and 2024, the Bank did not use its right to seize collateral as no impaired loans required the Bank to do so.

3.1.8 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The Bank's main credit exposure can be split between Luxembourg and Italy as majority of the Bank's counterparties are based in Italy for banks and in Luxembourg for the customers.

In EUR	2025					Total	2024 Total
	Italy	Luxembourg	Spain	Germany	Other		
Cash and balances at central banks	14,945,651	5,869,605	-	54,712	-	20,869,968	24,571,324
Financial assets at FV/PL	-	3,716,992	-	-	-	3,716,992	2,266,692
Financial assets at FV/OCI	117,476,340	-	158,242,993	-	-	275,719,333	421,555,650
Financial assets at amortised cost: loans to bank	82,392,315	-	-	-	-	82,392,315	31,653,897
Financial assets at amortised cost: loans to customer	84,412,771	927,132,416	-	-	18,869,026	1,030,414,213	332,186,907
Financial assets at amortised cost: debt securities	570,016,703	-	130,767,321	-	48,807,450	749,591,474	656,354,287
Hedging Derivative	37,554,128	-	-	-	-	37,554,128	49,677,444
Total	906,797,908	936,719,013	289,010,314	54,712	67,676,476	2,200,258,423	1,518,266,201

(b) Industry sectors

The Bank's main credit exposure can be split between banks, governments and other financial corporations. The following table breaks down the Bank's main credit exposure at its carrying amount, as categorised by the industry sectors of the counterparties.

In EUR	Banks	Government	Other financial corporations	Other customers	Total
As at 31st December 2024	105,902,665	1,077,909,937	240,362,702	94,090,897	1,518,266,201
Cash and balances at central banks	20,869,968	-	-	-	20,869,968
Financial assets at FV/PL	-	-	3,716,992	-	3,716,992
Financial assets at FV/OCI	-	275,719,333	-	-	275,719,333
Financial assets at amortised cost	82,392,315	749,591,474	931,007,847	99,406,366	1,862,398,002
Hedging Derivative	37,554,128	-	-	-	37,554,128
As at 31st December 2025	140,816,411	1,025,310,807	934,724,839	99,406,366	2,200,258,423

3.1.9 Financial guarantees & commitments

The total ECL on commitments and financial guarantees is EUR 65,349 (2024: EUR 15,108) and each of them is individually provisioned. There were no changes between the stages during the year.

3.2 Market risk

The Bank takes market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables (interest rates, prices, exchange rates). Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates.

3.2.1 Market risk measurement techniques

The Bank is primarily exposed to market risks through interest rate and foreign currency risks. The market risks are followed by the Bank on a daily basis by ways of reporting prepared by the Risk Management department. The Bank manages interest rate risk by setting value sensitivity limits per bucket. The choice of the instruments best suited to managing risk within the assigned limits is delegated to the treasury function. Securities activities are controlled by means of securities portfolio global limits. In the interest of improving and complementing the various risk management and treasury tools, the Bank uses an integrated Risk management tool that is used by the UniCredit Group, to measure, manage and simulate its liquidity and interest rate risk position.

Risk Management ensures that the exposure of the Bank is not above the limits defined by the Parent Company. With a monthly frequency, specific sensitivity analyses on capital and interest margins are produced. The parametric analysis, considering duration and convexity is used to evaluate the impact on the value of shareholders' equity of parallel shifts in the yield curve (change is identical for all nodes along the curve).

Shifts in the yield curve are almost never parallel:

- Monetary policy signals (restrictive or expansionary) are first transmitted to the money market, via open market operations, and only later to the financial market;
- The expectations of operators about yields over the short and long-term affect the rates applying in different segments of the curve.

Therefore, sensitivity analysis by bucket is used to calculate the impact on the present value of each cashflow using the rates from two yield curves (the current curve at the analysis date and the shifted curve) and then comparing the two amounts (full valuation method).

3.2.2 Foreign currency exchange rate risk

Foreign exchange rate risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank is exposed to this risk when the amount of assets and liabilities per currency is not zero. The Management Board of the Bank sets limits on the level of exposure in aggregate which are monitored daily by the Risk Management department. The table below summarises the Bank's exposure to foreign currency exchange rate risk as of 31st December. Included in the table are the Bank's financial instruments at carrying amounts, categorised by currency.

As at 31st December 2025	EUR	USD	Other	Total
Assets				
Cash and cash equivalents	5,815,000	-	-	5,815,000
Other demand deposits	181,057	14,415,040	458,871	15,054,968
Financial assets mandatorily at fair value through Profit or Loss	3,716,992	-	-	3,716,992
Financial assets at fair value through OCI	275,719,333	-	-	275,719,333
Financial assets at amortised cost	1,720,467,342	130,454,503	11,476,157	1,862,398,002
Hedging derivatives	37,554,128	-	-	37,554,128
Other assets	8,212,330	30,750	25,677	8,268,757
Equity investments: controlled - not consolidated	45,310,103	-	-	45,310,103
Total Assets	2,096,976,285	144,900,293	11,960,705	2,253,837,283

As at 31st December 2025	EUR	USD	Other	Total
Liabilities				
Financial liabilities at amortised cost	1,774,520,586	144,948,633	11,851,018	1,931,320,237
Hedging derivatives	4,795,959	-	-	4,795,959
Other liabilities	11,740,539	6	-	11,740,545
Provisions for risks and charges	5,466,627	-	-	5,466,627
Total Liabilities	1,796,523,711	144,948,639	11,851,018	1,953,323,368

Net on-balance sheet financial position	300,452,574	(48,346)	109,687	300,513,915
Loan commitments and other credit related liabilities	156,008,379	-	-	156,008,379
Financial Guarantees	2,026,746	-	-	2,026,746

As at 31st December 2024	EUR	USD	Other	Total
Assets				
Cash and cash equivalents	6,140,000	-	-	6,140,000
Other demand deposits	6,162,585	11,493,826	774,913	18,431,324
Financial assets mandatorily at fair value through Profit or Loss	2,266,692	-	-	2,266,692
Financial assets at fair value through OCI	421,555,650	-	-	421,555,650
Financial assets at amortised cost	921,087,575	87,416,934	11,690,582	1,020,195,091
Hedging derivatives	49,677,444	-	-	49,677,444
Other assets	4,807,350	-	-	4,807,350
Total Assets	1,411,697,296	98,910,760	12,465,495	1,523,073,551

As at 31st December 2024	EUR	USD	Other	Total
Liabilities				
Financial liabilities at amortised cost	1,133,893,450	98,873,584	12,429,192	1,245,196,226
Hedging derivatives	10,522,040	-	-	10,522,040
Other liabilities	7,085,714	-	-	7,085,714
Total Liabilities	1,151,501,204	98,873,584	12,429,192	1,262,803,980

Net on-balance sheet financial position	276,053,006	37,176	36,303	276,126,485
Loan commitments and other credit related liabilities	74,325,898	-	-	74,325,898
Financial Guarantees	2,870,564	-	-	2,870,564

Concentrations of currency risk – on- and off-balance sheet instruments

Under the assumptions, as defined hereabove, taking into account assets and liabilities as of 31st December 2025 (respectively 2024), a 10% strengthening in EUR to USD impact on profit or loss and equity by EUR (4,373) (2024: EUR (3,718)) and a 10% weakening in EUR to USD would impact on profit or loss and equity by EUR +5,344 (2024: EUR +3,718).

3.2.3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposures to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value risks. Interest margins may increase as a result of such changes but may reduce in the event that unexpected movements arise. The Bank sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Risk Management department.

The table below summarises the Bank's exposure to interest rate risks. It includes the financial instruments at carrying amounts (including accrued interest), categorised by contractual date, considering repricing dates.

In EUR	Up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Non-interest	Total
As at 31st December 2025							
Assets							
Cash and cash equivalents	15,054,968	5,815,000	-	-	-	-	20,869,968
Financial assets at amortised cost - Banks	45,432,098	21,463,904	15,496,313	-	-	-	82,392,315
Financial assets at amortised cost - Customer	1,019,079,923	6,203,208	5,131,082	-	-	-	1,030,414,213
Financial assets at amortised cost - Customer - Debt securities	-	-	29,930,646	247,380,517	472,280,311	-	749,591,474
Non-trading financial assets mandatorily at FV/PL	-	3,716,992	-	-	-	-	3,716,992
Financial assets at FV/OCI	-	-	-	109,577,878	166,141,455	-	275,719,333
Derivative financial instruments	-	6,702,349	30,851,779	-	-	-	37,554,128
Other assets	-	-	-	-	-	8,268,757	8,268,757
Total financial assets	1,079,566,989	43,901,453	81,409,820	356,958,395	638,421,766	8,268,757	2,208,527,180
Liabilities							
Deposits from banks	846,893,783	488,994,659	-	-	-	-	1,335,888,442
Deposits from customers	363,687,668	161,732,503	65,673,052	-	-	-	591,093,223
Derivative financial instruments	-	-	4,795,959	-	-	-	4,795,959
Other liabilities	-	-	-	-	-	11,740,545	11,740,545
Total financial liabilities	1,210,581,451	650,727,162	70,469,011	-	-	11,740,545	1,943,518,169
Total interest repricing gap	(131,014,462)	(606,825,709)	10,940,809	356,958,395	638,421,766	(3,471,788)	265,009,011
As at 31st December 2024							
Total financial assets	438,347,702	22,020,843	72,678,312	318,808,129	664,144,523	4,807,350	1,520,806,859
Total financial liabilities	804,625,522	355,262,179	78,607,676	17,105,813	-	7,085,714	1,262,686,904
Total interest repricing gap	(366,277,820)	(333,241,336)	(5,929,364)	301,702,316	664,144,523	(2,278,364)	258,119,955

Under the assumptions, as defined hereabove, a 100 basis points increase or decrease in market interest rates would influence the net interest income before tax by EUR (1,540) million (2024: EUR (3,483) million) and by EUR +1,540 million (2024: EUR +3,508 million) respectively.

3.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

3.3.1 Liquidity risk management process

The Bank's policies for liquidity risk establish the responsibility of the Parent Company concerning both the observance of the consolidated limits and the strategic decisions for funding allocation. The UniCredit Group's objective consists in maintaining a constant level of liquidity in order to carry out the normal business and to comply with international regulations and rules defined by the national central banks.

The Group liquidity risk is managed within a centralised location on behalf of all group entities. Liquidity risk is mitigated by various funding sources, by investing in readily marketable securities and closely monitoring maturities and limits related to asset and liability management.

The management of liquidity risk is not limited to cash management but also includes analysis of the strategic and long-term liquidity forecast, in order to determine a possible surplus or shortage of liquidity. On a daily basis the Risk Management department of the Bank measures and monitors the exposure of the Bank to liquidity risk; it also ensures the Bank remains within the limits imposed by the Parent Company and applicable regulations.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

3.3.2 Cash flows on non-derivative financial assets and liabilities

The table below presents the residual life of receivables and payables of the Bank under non-derivative financial assets and liabilities, as well as other assets and liabilities, categorised by their remaining contractual maturities as of the statement of financial position date. The amounts disclosed in the table are on undiscounted and gross basis and categorised by contractual maturity dates.

As at 31st December 2025 In EUR	Up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
Assets						
Cash and cash equivalents	15,054,968	5,815,000	-	-	-	20,869,968
Loans and advances to Banks	45,432,098	21,463,904	15,496,313	-	-	82,392,315
Loans and advances to Customer	1,019,079,923	6,203,208	5,131,082	-	-	1,030,414,213
Financial assets at amortised cost Customers - Debt securities	-	-	29,930,646	247,380,517	472,280,311	749,591,474
Non-trading financial assets mandatorily at FV/PL	-	3,716,992	-	-	-	3,716,992
Financial assets at FV/OCI	-	-	-	109,577,878	166,141,455	275,719,333
Total financial assets	1,079,566,989	37,199,104	50,558,041	356,958,395	638,421,766	2,162,704,295
Liabilities						
Deposits from banks	846,893,783	488,994,659	-	-	-	1,335,888,442
Deposits from customers	363,687,668	161,732,503	65,673,052	-	-	591,093,223
Other liabilities (IFRS 16) - no maturity breakdown	4,338,572	-	-	-	-	4,338,572
Total financial liabilities	1,214,920,023	650,727,162	65,673,052	-	-	1,931,320,237

As at 31st December 2024 In EUR	Up to 1 month	1-3 months	3-12 months	1-5 years	over 5 years	Total
Assets						
Cash and cash equivalents	24,571,324	-	-	-	-	24,571,324
Loans and advances to Banks	22,548,131	8,549,234	556,532	-	-	31,653,897
Loans and advances to Customer	326,324,562	3,164,069	2,698,276	-	-	332,186,907
Financial assets at amortised cost Customers - Debt securities	-	-	30,053,600	243,102,927	383,197,760	656,354,287
Non-trading financial assets mandatorily at FV/PL	-	2,266,692	-	-	-	2,266,692
Financial assets at FV/OCI	64,903,685	-	-	75,705,202	280,946,763	421,555,650
Total financial assets	438,347,702	13,979,995	33,308,408	318,808,129	664,144,523	1,468,588,757
Liabilities						
Deposits from banks	351,792,249	239,427,087	-	-	-	591,219,336
Deposits from customers	452,833,273	115,835,092	68,085,636	17,105,813	-	653,859,814
Debt securities in issue	-	-	-	-	-	-
Other liabilities (IFRS 16) - no maturity breakdown	117,076	-	-	-	-	117,076
Total financial liabilities	804,742,598	355,262,179	68,085,636	17,105,813	-	1,245,196,226

The Bank is integrated in the liquidity's risk management processes of UniCredit S.p.A. In case of liquidity shortfall, the liquidity contingency plan, which foresees a dedicated support from UniCredit S.p.A., will be activated.

3.3.3 Cash flows on derivative financial instruments

The table below analyses the Bank's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The cash flows included not only the fixed rate cash flow, but also the expected cash flows of the variable rate index that will be set in the future. This expected cash flow is based on the forward Euribor curve.

At 31st December 2025 In EUR	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives:					
Interest rate derivatives					
- Outflow	(1,422,333)	(17,241,970)	(60,551,183)	(29,291,923)	(108,507,409)
- Inflow	4,997,350	17,089,130	98,682,986	37,767,113	158,536,579
Total outflow	(1,422,333)	(17,241,970)	(60,551,183)	(29,291,923)	(108,507,409)
Total inflow	4,997,350	17,089,130	98,682,986	37,767,113	158,536,579

At 31st December 2024 In EUR	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives:					
Interest rate derivatives					
- Outflow	-	(11,262,054)	(58,136,888)	(35,505,305)	(104,904,247)
- Inflow	4,511,174	17,863,057	97,717,874	47,853,687	167,945,792
Total outflow	-	(11,262,054)	(58,136,888)	(35,505,305)	(104,904,247)
Total inflow	4,511,174	17,863,057	97,717,874	47,853,687	167,945,792

3.3.4 Off-balance sheet items

The details of the contractual amounts of the Bank's off-balance sheet financial instruments are summarised in the table below in EUR:

Type of transactions/ Value In EUR	2025		2024	
	Nominal amount of off-balance sheet commitments and financial guarantees	Provisions on off-balance sheet commitments and financial guarantees	Nominal amount of off-balance sheet commitments and financial guarantees	Provisions on off-balance sheet commitments and financial guarantees
	Instruments without significant increase in credit risk since initial recognition (Stage 1)	Instruments without significant increase in credit risk since initial recognition (Stage 1)	Instruments without significant increase in credit risk since initial recognition (Stage 1)	Instruments without significant increase in credit risk since initial recognition (Stage 1)
Loan commitments given	156,072,702	64,323	74,339,820	13,922
Other financial corporations	142,236,563	42,976	53,016,226	4,428
Non-financial corporations	2,837,818	20,705	2,785,122	7,483
Households	10,998,321	642	18,538,472	2,011
Financial guarantees given	2,027,771	1,025	2,871,750	1,186
Other financial corporations	82,750	215	118,750	145
Non-financial corporations	18,000	11	33,000	12
Households	1,927,021	799	2,720,000	1,029

3.4 Fair value of financial assets and liabilities

3.4.1 Fair value versus carrying amounts

The carrying amounts of the financial assets and financial liabilities measured at amortised cost are deemed to be a reasonable estimate of their fair value considering their short-term maturity.

3.4.2 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs are unobservable inputs for the asset or liability. [IFRS 13:86]
 - Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, considering all information about market participant assumptions that is reasonably available. [IFRS 13:87-89]

UniCredit Group's objective when choosing and developing an appropriate valuation technique is to establish what a transaction price would have been on the measurement date in an arm's length transaction in normal business conditions. Selected valuation techniques are chosen among those commonly used by market participants, once it has been demonstrated they provide reliable estimates of prices obtained in actual market transactions. In addition, such selected valuation techniques need to reflect current market conditions, by making maximum use of observable market data.

Financial Assets at FV/PL & Financial Liabilities Held for Trading:

These Financial Instruments (Over the Counter Multi Asset Equity derivatives) are mapped to Level 2 based the indicator that the equity underlying in terms of volatility (including moneyness) and dividends and the relevant correlation pairs are liquid and up until the maturity date of the derivative.

Hedging Derivatives:

These Financial Instruments (Over the counter Fixed-Floating interest rate swaps) are mapped to Level 2 based the indicator that the underlying discount curve used value the transaction can be constructed from observable liquid Money Market and Fixed Income Instruments.

Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The policy elected for the transfer between the level of fair value hierarchy is the date when the entity realises that there was an event or circumstance for a change in the classification of the level of an instrument. The main drivers to transfers in and out the fair values levels (both between Level 1 and Level 2 and in/out Level 3) include changes in market conditions (among which liquidity parameter) and enhancements to valuation techniques and weights for unobservable inputs used for the valuation itself.

In EUR	Level 1	Level 2	Level 3	Total
31 December 2025				
Financial assets				
Financial assets at FV/PL	-	-	3,716,992	3,716,992
Financial assets at FV/OCI	275,719,333	-	-	275,719,333
Hedging derivatives	-	37,554,128	-	37,554,128
	275,719,333	37,554,128	3,716,992	316,990,453
Financial liabilities				
Hedging derivatives	-	4,795,959	-	4,795,959
	-	4,795,959	-	4,795,959

In EUR	Level 1	Level 2	Level 3	Total
31 December 2024				
Financial assets				
Financial assets at FV/PL	-	-	2,266,692	2,266,692
Financial assets at FV/OCI	421,555,650	-	-	421,555,650
Hedging derivatives	-	49,677,444	-	49,677,444
	421,555,650	49,677,444	2,266,692	473,499,786
Financial liabilities				
Hedging derivatives	-	10,522,040	-	10,522,040
	-	10,522,040	-	10,522,040

For both short- and long-term financial instruments, the carrying amount represents the best approximation of fair value. Accordingly, no material differences between carrying amount and fair value are observed.

3.5 Capital management

The Bank's objectives when managing capital, are:

- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and;
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored monthly by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and set as Regulatory Directive and Regulation by the European Parliament and Council. The required information is filed with the ECB and CSSF on a quarterly basis.

In 2025, the ECB, after finalisation of the SREP process, has set for the Bank a Minimum Total Capital ratio of 8% plus capital conservation buffer of 2,5%. The Bank's regulatory capital is composed of subscribed capital, reserves and retained earnings.

The risk-weighted assets are measured by means of risk weights classified according to the nature of each asset and counterparty, considering any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Bank for the year ended 31st December. During those two years, the Bank complied with all externally imposed capital requirements to which it is subject.

	2025 EUR	2024 EUR
Global Regulatory Capital	305,610,630	302,491,511
Capital requirement for the credit risk	633,731,263	203,738,706
Capital requirements for position, foreign exchange and commodities	148,082	91,038
Capital requirement for operational risk	52,921,278	46,608,769
Total capital requirement	686,800,623	250,438,514
Core Tier 1 (minimum being 8.00%)	44.50%	120.78%

4 Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Fair value of unquoted financial instruments

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example models) are used to determine fair value, they are validated and periodically reviewed by qualified personnel independent of the area that created

them. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. The bank uses UniCredit Group models for these calculations.

(b) Income taxes

The Bank is subject to income tax in Luxembourg. Estimates are required in determining the provision for income taxes. The provision has been calculated considering the applicable rate of 23.87% for the financial year.

(c) Defined benefit plan

The present value of the pension obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions used in determining the net cost/income for pensions include demographic assumptions, the discount rate, the inflation rate, expected rates of wage costs increase and expected cash flow linked to pension increases. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Bank determines the appropriate discount rate at the end of each year. This rate is used to determine the present value of estimated future cash flows expected to settle the pension obligations. In determining the discount rate, the Bank considers the interest rate of high-quality corporate bonds denominated in EUR and that have terms to maturity approximating the terms of the related pension liability. An external insurance company provides assumptions and estimations. Additional information is disclosed in Note 16.1.

(d) Provisions

All provisions and potential litigations that the Bank could be involved in are analysed at each reporting date and adjusted to reflect the current best estimate. When necessary, legal advice is sought, and provisions are recorded.

5 Cash and cash equivalents

	2025 EUR	2024 EUR
a) Cash and cash equivalents	15,054,968	18,431,324
b) Balances with central banks	5,815,000	6,140,000
Total	20,869,968	24,571,324

Cash and cash equivalents of the year as reported in the Cash Flow Statement also includes loans with banks below 3 months and overall sum up to EUR 77,493,437 (2024: EUR 55,668,691).

6 Financial assets at fair value through profit or loss

This category is mainly represented by our hedging derivatives (Interest rate Swaps).

The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation. In order to mitigate this Counterparty Credit Risk, the bank has entered into netting agreements (ISDA Agreement) and a collateral exchange agreement (ISDA Collateral Support Annex).

On a daily basis, the replacement value is calculated, and variation margin is exchanged, if the difference between collateral and replacement value exceeds the contractual threshold.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

The aggregate contractual or notional amount of derivative financial instruments, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair value of derivative financial assets and liabilities, can fluctuate significantly from time to time. The fair values of derivative instruments held are set out below.

There were no changes in the level classification during the year.

The following other Business Models are defined by the Bank for FV/PL:

- Subordinated Loans

The Bank classifies Loans and Receivables which initially are concluded to fail SPPI criteria into FV/PL category. Regarding the business model assessment, the area that required significant assessment was the subordinated loan business and the fact that such loans should be accounted for at fair value because they do not fulfil all the conditions to pass SPPI testing.

6.1. Derivatives held for risk management and hedge accounting

At 31st December 2025 In EUR	Contract/ notional amount	Fair value	
		Assets	Liabilities
Interest rate Swaps			
- Hedging	750,000,000	37,554,128	4,795,959
Total derivatives	750,000,000	37,554,128	4,795,959
Maturity >1 year	750,000,000	37,554,128	4,795,959
		37,554,128	4,795,959

At 31st December 2024 In EUR	Contract/ notional amount	Fair value	
		Assets	Liabilities
Interest rate Swaps			
- Hedging	830,000,000	49,677,444	10,522,040
Total derivatives	830,000,000	49,677,444	10,522,040
Maturity >1 year	765,000,000	48,936,924	10,522,040
Maturity < 1 year	65,000,000	740,520	-
		49,677,444	10,522,040

6.1.1 Hedged items in fair value

In EUR	Carrying amount Assets
Debt securities	
Financial assets measured at fair value through other comprehensive income (interest rate)	275,719,335
Financial assets measured at amortised cost (interest rate)	449,351,869
Total	725,071,204

Line item in the statement of financial position where the hedging instrument is included

In EUR	Change in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognised in Profit or Loss
Hedging derivative assets	(30,739,078)	-
Hedging derivative liabilities	3,416,399	-
Total	(27,322,679)	-

Accumulated amount of fair value hedge adjustments on the hedge item included in the carrying amount of the hedged item

In EUR	Change in fair value used for calculating hedge ineffectiveness	Ineffectiveness recognised in Profit or Loss
Financial assets measured at fair value through other comprehensive income (interest rate)	29,333,434	-
Financial assets measured at amortised cost (interest rate)	(1,809,707)	-
Total	27,523,727	-

6.2. Other financial assets mandatorily at fair value: breakdown by product

ITEMS/VALUES In EUR	AMOUNTS AS AT 31.12.2025			AMOUNTS AS AT 31.12.2024		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Loans	-	-	3,716,992	-	-	2,266,692
Subordinated loans	-	-	3,716,992	-	-	2,266,692
Total	-	-	3,716,992	-	-	2,266,692
Total Level 1, Level 2 and Level 3	-	-	3,716,992	-	-	2,266,692

7 Financial assets at fair value through other comprehensive income

	2025 EUR
Securities at FV/OCI	
Listed debt securities	275,719,333
Total securities at FV/OCI	275,719,333

	2025 EUR
At 1st January	421,555,650
Disposals (sale and redemption)	(150,201,500)
Changes in fair value allocated to profit or loss	3,992,767
Changes in fair value allocated to other comprehensive income	1,290,323
Change in accrued interest	(917,907)
As at 31st December 2025	275,719,333

Change in the FV/OCI reserve	2025 EUR
At 1st January	3,831,844
(Increase) in unrealised losses on FV/OCI portfolio	1,290,323
Deferred taxes	(253,371)
As at 31st December 2025	4,868,796

	2024 EUR
Securities at FV/OCI	
Listed debt securities	421,555,650
Total securities at FV/OCI	421,555,650

	2024 EUR
At 1st January	458,778,654
Additions	19,648,000
Disposals (sale and redemption)	(66,206,000)
Changes in fair value allocated to profit or loss	11,816,681
Changes in fair value allocated to other comprehensive income	(823,857)
Change in accrued interest	(1,657,828)
As at 31st December 2024	421,555,650

Change in the FV/OCI reserve	2024 EUR
At 1st January	4,450,231
(Increase) in unrealised losses on FV/OCI portfolio	(823,857)
Deferred taxes	205,470
As at 31st December 2024	3,831,844

During the year, the Bank disposed EUR 160 million (notional amount) of which EUR 15 million (notional amount) of Spain Government Bonds and EUR 145 million (notional amount) of Italian Government Bonds. The accompanying notes form an integral part of these financial statements.

8 Financial assets at amortised cost: Loans and advances to banks

In EUR	AMOUNTS AS AT 31.12.2025	
	CARRYING VALUE	
	STAGE 1	STAGE 2 AND 3
Loans and advances to banks	82,392,315	-
Other term loans	82,392,315	-
Total	82,392,315	-

In EUR	AMOUNTS AS AT 31.12.2024	
	CARRYING VALUE	
	STAGE 1	STAGE 2 AND 3
Loans and advances to banks	31,653,897	-
Other term loans	31,653,897	-
Total	31,653,897	-

The margin call on derivative and repo are included in other term loans. We confirm that there were no changes between the stages during the year.

9 Financial assets at amortised cost: Loans and advances to customers and debt securities

In EUR	AMOUNTS AS AT 31.12.2025	
	CARRYING VALUE	
	STAGE 1	STAGE 2 AND 3
Loans and advances	1,030,414,213	-
Current accounts	446,684,561	-
Other loans	583,729,652	-
Debt securities	749,591,474	-
Other debt securities	749,591,474	-
Total	1,780,005,687	-

In EUR	AMOUNTS AS AT 31.12.2024	
	CARRYING VALUE	
	STAGE 1	STAGE 2 AND 3
Loans and advances	332,186,907	-
Current accounts	238,243,205	-
Other loans	93,943,702	-
Debt securities	656,354,287	-
Other debt securities	656,354,287	-
Total	988,541,194	-

Amounts shown in the current accounts are mainly related to revolving credit facilities with the technical form of overdraft in current accounts.

The Bank restructured the revolving credit facility of one of its clients. In the new set-up, part of the exposure has been transferred to another legal entity of the UniCredit Group via a funded silent sub-participation.

10 Deferred tax assets

Deferred income tax assets are disclosed separately in the statement of financial positions. Applicable income tax rate is 23.87%. More details regarding the deferred tax liabilities are provided in the Note 17 of these financial statements.

In EUR	Tax asset 2025		Tax asset 2024	
	Posted to P&L	Posted to Net Equity	Posted to P&L	Posted to Net Equity
Breakdown				
Financial assets and liabilities (different from Loans and Deposits)	14,852	-	12,134	96,242
Loans and advances to and deposits from banks and customers	15,187	-	25,115	-
Hedging and hedged item revaluation	8,606,215	-	13,651,028	-
Other assets and Other liabilities	-	-	-	7,615
Provisions, pension funds and similar	620,401	-	759,234	-
Total	9,256,655	-	14,447,511	103,857
TOTAL		9,256,655		14,551,368
Change				
Opening balance	14,447,511	103,857	17,425,947	288,045
Financial assets and liabilities (different from Loans and Deposits)	2,717	(96,242)	(308,473)	(81,386)
Loans and advances to and deposits from banks and customers	(9,927)	-	15,682	-
Hedging and hedged item revaluation	(5,044,813)	-	(2,638,114)	-
Other assets and Other liabilities	(7,614)	-	-	(102,802)
Provisions, pension funds and similar	(138,834)	-	(47,531)	-
Closing balance	9,249,040	7,615	14,447,511	103,857
TOTAL		9,256,655		14,551,368

11 Property and equipment

In EUR	Changes in 2025		
	Office furniture and fittings	Electronic systems	Total
Gross opening balance	181,507	484,968	666,475
Total net reduction in value	(143,977)	(399,183)	(543,160)
Net opening balance	37,530	85,785	123,315
Increases	-	2	2
Other changes	-	2	2
Reductions	37,530	85,787	123,317
Depreciation	37,530	85,787	123,317
Net final balance	-	-	-
Total net reduction in value	(181,507)	(484,968)	(666,475)
Gross closing balance	181,507	484,968	666,475

In EUR	Changes in 2024		
	Office furniture and fittings	Electronic systems	Total
Gross opening balance	181,507	484,968	666,475
Total net reduction in value	(130,165)	(301,188)	(431,353)
Net opening balance	51,342	183,780	235,122
Reductions	13,812	97,995	111,807
Depreciation	13,812	97,995	111,807
Net final balance	37,530	85,785	123,315
Total net reduction in value	(143,977)	(399,183)	(543,160)
Gross closing balance	181,507	484,968	666,475

In EUR	Changes in 2025		
	Buildings - Right of use	Other - Rights to use	Total
Gross opening balance	-	225,605	225,605
Total net reduction in value	-	(110,515)	(110,515)
Net opening balance	-	115,090	115,090
Increases	4,290,391	88,674	4,379,065
Purchases	4,290,391	50,211	4,340,602
Other changes	-	38,463	38,463
Reductions	39,726	122,106	161,832
Depreciation	39,726	83,643	123,369
Other changes	-	38,463	38,463
Net final balance	4,250,665	81,658	4,332,323
Total net reduction in value	(39,726)	(155,695)	(195,421)
Gross closing balance	4,290,391	237,353	4,527,744

In EUR	Changes in 2024		
	Buildings - Right of use	Other - Rights to use	Total
Gross opening balance	-	282,045	282,045
Total net reduction in value	-	(163,959)	(163,959)
Net opening balance	-	118,086	118,086
Increases	-	237,250	237,250
Purchases	-	100,599	100,599
Other changes	-	136,651	136,651
Reductions	-	240,246	240,246
Depreciation	-	83,207	83,207
Other changes	-	157,039	157,039
Net final balance	-	115,090	115,090
Total net reduction in value	-	(110,515)	(110,515)
Gross closing balance	-	225,605	225,605

12 Intangible assets

In EUR	CHANGES IN 2025	
	OTHER INTANGIBLE ASSETS	
	FINITE LIFE	TOTAL
Gross opening balance	14,340,060	14,340,060
Total net reduction in value	(8,003,138)	(8,003,138)
Net opening balance	6,336,922	6,336,922
Increases	1,209,673	1,209,673
Purchases	1,209,673	1,209,673
Reduction	1,668,117	1,668,117
Write-downs	1,668,117	1,668,117
Amortisation	1,668,117	1,668,117
Net closing balance	5,878,478	5,878,478
Total net write-down	9,671,255	9,671,255
Gross closing balance	15,549,733	15,549,733

In EUR	AMOUNTS AS AT 31.12.2025	AMOUNTS AS AT 31.12.2024
	Finite life	Finite life
Other intangible assets	5,878,478	6,336,922
Assets carried at cost	5,878,478	6,336,922
Total	5,878,478	6,336,922

Total finite and indefinite life	5,878,478	6,336,922
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Intangible assets are mainly related to software used by the Bank and to the investments needed to move the Luxembourg applications to the UniCredit Group data centre. The average for the amortisation is 4 years.

13 Other assets

13.1 Equity investment

In 2020, the Bank, with the aim to support UniCredit Group Wealth Management, established a 100% participation in UniCredit Group Wealth Management Investments S.à.r.l (GP S.à.r.l), principal place of business Luxembourg, which acts as General Partner of GWM Opportunities SCS-SICAV-SIF (GWM Opportunities) with its principal place of business in Luxembourg. The Bank holds a 100% proportion of ownership interest. With this new set-up UniCredit Group Wealth Management will offer alternative investments to its clients. The GWM Opportunities (in the legal form of a société en commandite simple) allows to create different sub-funds (funds which invest solely in one or more closed-ended funds) that can be distributed in the countries covered by GWM Opportunities.

In April 2024, following the approval received from the regulatory authorities (CSSF/ECB) the Bank acquired 100 % of the shares in the Luxembourg based UniCredit Invest Lux S.A. (former Structured Invest S.A.) from UniCredit Bank GmbH. UniCredit Invest Lux is a super Management Company (i.e. authorised to manage both UCITS and Alternative Investments Funds) managing funds for about EUR 20 billion as of the end of December 2025. Additional disclosures for UniCredit Invest Lux can be seen note 28.

In line with IAS36, the Bank recognises the participations at the purchase price net of impairments. Equity investments are subject to an annual impairment test. The impairment assessment is performed using valuation methodologies based on the multi-year business plan annually provided by UniCredit Invest Lux. The projections reflect management's best estimates of future performance. No impairment losses were recognised in 2025 nor in the prior financial year. The management is reviewing yearly via an impairment assessment the acquisition costs of UniCredit Invest Lux S.A. No impairment losses were registered for 2025. As per IFRS 10 4 (a) and in line with the rules for exemption in the article 80 of the banking Law dated 17th June 1992, the Bank considers that the exemption from the obligation to prepare a consolidated Financial Statement applies.

The Bank in accordance with IFRS 10.4(a), elects not to prepare a consolidated financial statement and instead prepares separate financial statements. The separate financial statement of the Bank are its only financial statements.

13.2 Other assets

In EUR	AMOUNTS AS AT	
	31.12.2025	31.12.2024
Accrued income other than capitalised income	820,179	-
Interest and changes to be debited to Customers	4,837,665	3,765,238
Items in processing	1,731,700	859,336
Tax items	838,383	154,226
Other assets	40,830	28,550
Total	8,268,757	4,807,350

14 Financial liabilities at amortised cost: Deposits from banks

In EUR	AMOUNTS AS AT 31.12.2025	AMOUNTS AS AT 31.12.2024
	CARRYING VALUE	CARRYING VALUE
Deposits from banks	1,335,888,442	591,219,336
a) Current accounts and demand deposits	8,210,000	130,555,228
b) Time deposits	948,761,150	127,579,043
c) Loans	378,917,292	333,085,065
- Repos	378,917,292	333,085,065
Total	1,335,888,442	591,219,336

15 Financial liabilities at amortised cost: Deposits from customers

In EUR	AMOUNTS AS AT 31.12.2025	AMOUNTS AS AT 31.12.2024
Current accounts and demand deposits	91,030,835	83,732,773
Time deposits	500,062,388	570,127,041
Total	591,093,223	653,859,814

16 Provisions for risks and charges

In line with the organisational changes undertaken by UniCredit Group within the Strategic Plan “UniCredit Unlocked 2025”, internal reorganisation has been planned to foster the business effectiveness and improve the alignment with the Holding. The financial effects related to the reorganisation are included in the category “Other provisions for risks and charges”.

In EUR	AMOUNTS AS AT	
	31.12.2025	31.12.2024
Provisions for credit risk on commitments and financial guarantees given	65,347	15,107
Pensions and other post-retirement benefit obligations	2,533,734	3,029,136
Other provisions for risks and charges	2,867,546	2,872,760
Legal and tax disputes	67,546	72,760
Staff expenses	2,800,000	2,800,000
Total	5,466,627	5,917,003

16.1 Post Retirement benefit obligations

8 employees of the Bank (2024: 8) participate in four defined benefit plans set up and operated in accordance with Luxembourg law and regulations. The Bank has also two defined contribution plans for 60 employees.

	2025 EUR	2024 EUR
Balance sheet obligations for pension benefits	2,533,734	3,029,136
Income statement charged for pension benefits	378,361	358,289

The amounts recognised in the balance sheet are determined as follows:

	2025 EUR	2024 EUR
Present value of defined benefit obligations	3,645,615	4,026,318
Fair value of plan assets	(1,111,881)	(997,182)
	2,533,734	3,029,136
Liability in the balance sheet	2,533,734	3,029,136

The movement in the defined benefit obligation is as follows:

	2025 EUR	2024 EUR
Beginning of year	4,026,318	4,149,974
Interest cost	136,060	145,601
Current service cost	276,485	250,582
Actual benefit payments by the fund	(62,737)	(46,902)
(Gain) on change of financial assumptions	-	(15,619)
(Gain) or loss on experience adjustment	(730,511)	(457,318)
End of year	3,645,615	4,026,318

The movement in the fair value of plan assets of the year is as follows:

	2025 EUR	2024 EUR
Beginning of year	997,182	943,208
Actual total benefit payments	(62,737)	(46,902)
Actual Bank contributions (including benefits paid directly by the Bank)	135,958	62,656
Interest income	34,184	37,894
Return on plan assets	7,294	326
	1,111,881	997,182

The charges recognised in the statement of comprehensive income are as follows:

	2025	2024
	EUR	EUR
Current service cost	276,485	250,582
Net interest cost:	101,876	107,707
- Interest cost on defined benefit plan	136,060	145,601
- Interest income on plan assets	(34,184)	(37,894)
Total charges recognised and included in staff costs	378,361	358,289

The movement recognised in Other Comprehensive income is as follows:

	2025	2024
	EUR	EUR
Beginning of year	30,534	(442,729)
Loss or (Gain) on experience adjustment	246,531	457,318
Loss on change of financial assumptions	483,980	15,619
Return on plan assets	7,294	326
	768,339	30,534

(Gain) or loss due to change on Demographic assumption is nil as at 31st December 2025 (2024: nil).

The actuarial assumptions used are as follows:

	2025	2024
	% p.a.	% p.a.
Inflation rate	2.25	2.15
Discount rate	3.40	3.40
Expected rate of salary increases	4.65	4.65
Expected rate of social security increases	2.25	2.15
Longevity at age 65 (in years):		
-Male	19.65	19.65
-Female	22.41	22.41

The mortality table is ERM90 for males and ERF90 for females.

As of 31st December 2025, sensitivity analysis is as follows:

	Increase	Increase
	2025	2024
Discount rate (0,25% movement)	94,845	117,655
Future salary growth (0,25% movement)	272,745	300,300
Inflation rate growth (0,25% movement)	192,343	215,958
Future mortality (1 year movement)	(9,329)	(10,839)

Expected cash flow and other information as of 31st December 2025 are as follows:

Employer contributions to plan assets	142,077	65,570
Benefit payments from plan assets	65,611	49,111

As of 31st December 2025, the duration of the Defined benefit plan (liabilities) is 10.68 years.

17 Deferred tax liabilities

Deferred income tax assets and liabilities are disclosed separately in the statement of financial positions. Applicable income tax rate is 23.87%. More details regarding the deferred tax assets are provided in the Note 10 of these financial statements.

In EUR	Tax liabilities 2025		Tax liabilities 2024	
	Posted to P&L	Posted to Net Equity	Posted to P&L	Posted to Net Equity
Breakdown				
Financial assets and liabilities (different from Loans and advances and Deposits)	-	1,526,576	-	1,369,441
Hedging and hedged item revaluation	8,558,225	-	13,687,471	-
Other assets and Other liabilities	-	183,402	-	7,615
Total	8,558,225	1,709,978	13,687,471	1,377,056
TOTAL		10,268,203		15,064,527
Change				
Opening balance	13,687,471	1,377,056	16,580,132	1,766,714
Financial assets and liabilities (different from Loans and advances and Deposits)	-	157,135	(482,614)	(286,856)
Hedging and hedged item revaluation	(5,129,246)	-	(2,410,047)	-
Other assets and Other liabilities	-	175,787	-	(102,802)
Total	8,558,225	1,709,978	13,687,471	1,377,056
TOTAL		10,268,203		15,064,527

18 Other liabilities

In EUR	AMOUNTS AS AT	
	31.12.2025	31.12.2024
Accrued expenses other than those to be capitalised for the financial liabilities concerned	1,204,514	260,968
Other liabilities due to employees	2,365,150	1,863,336
Interest and amounts to be credited to:	4,809,797	1,909,786
Customers	97,899	-
Banks	4,711,898	1,909,786
Items in processing	44,690	-
Other liabilities	2,456,388	1,936,917
Other Tax items	860,006	1,114,707
Total	11,740,545	7,085,714

Other liabilities to employees are mainly composed by salary, bonus and social charges payable. Other liabilities are related to accounts payable to suppliers.

19 Share capital

Authorised share capital includes only ordinary shares, each carrying equal voting and dividend rights. No preferential rights, restrictions, or special conditions are attached to the shares outstanding. The total number of ordinary shares in issue at year-end was EUR 134,066 (2024: EUR 134,066) with a par value of EUR 100 per share (2024: EUR 100 per share). All issued shares are fully paid.

20 Legal reserves

20.1 Legal reserve

In EUR	AMOUNTS AS AT	
	31.12.2025	31.12.2024
Legal Reserve	1,340,660	1,340,660
Total	1,340,660	1,340,660

Under the Luxembourg Law, the Bank must book into a restricted reserve an amount equivalent to at least 5% of the annual net profit until such reserve is equal to 10% of the share capital. This booking is made in the following year. Distribution of the restricted reserve is restricted for the proportion equal to 10% of the share capital.

20.2 Net wealth tax reserve

In accordance with paragraph 8a of the Luxembourg tax law, the Bank uses the possibility to reduce net wealth tax incurred during the financial year up to the amount of the tax on profit of the precedent year. Such a deduction is subject to the allocation of an amount equal to five times the reduced net wealth tax to a non-distributable reserve. The respective decision is taken at the Annual General Meeting of shareholders. Such a reserve is required to be maintained for 5 years.

The net wealth tax reserve for 2025 is EUR 23,509,000 (2024: EUR 28,702,750).

20.3 Share premium

The total share premium as of 31st December 2025 is EUR 205,644,462 (2024: EUR 205,644,462).

20.4 Revaluation reserve

The change in revaluation reserve came mainly from sold and matured securities in 2025 and from the change in market value between 2025 and 2024 on the FV/OCI portfolio (more details are provided in the Statement of changes in equity).

In EUR	AMOUNTS AS AT	
	31.12.2025	31.12.2024
Financial Assets (other than equity instruments) at fair value through other comprehensive income	4,868,801	3,499,537
Actuarial gains (losses) on defined-benefit plans	584,936	355,230
Total	5,453,737	3,854,767

20.5 Retained earnings

The change is due to the profit brought forward in previous years.

21 Net interest income

21.1 Interest income and similar revenues: breakdown

In EUR	YEAR 2025						
	Interest income calculated using EIR method			Other Interest income			TOTAL
	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	
Financial assets at fair value through profit or loss	-	303,691	-	-	-	-	303,691
Other financial assets mandatorily at fair value	-	303,691	-	-	-	-	303,691
Financial assets at FV/OCI	4,432,748	-	-	-	-	-	4,432,748
Financial assets at amortised cost	21,626,954	30,764,337	-	-	3,260,544	-	55,651,835
Banks	-	-	-	-	3,260,544	-	3,260,544
Customers	21,626,954	30,764,337	-	-	-	-	52,391,291
Hedging derivatives	-	-	24,468,652	-	-	-	24,468,652
Financial liabilities (negative interest rates)	-	-	-	-	-	16	16
Total	26,059,702	31,068,028	24,468,652	-	3,260,544	16	84,856,942

In EUR	YEAR 2024						
	Interest income calculated using EIR method			Other Interest income			TOTAL
	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	
Financial assets at fair value through profit or loss	-	74,857	-	-	-	-	74,857
Other financial assets mandatorily at fair value	-	74,857	-	-	-	-	74,857
Financial assets at FV/OCI	5,623,727	-	-	-	-	-	5,623,727
Financial assets at amortised cost	15,423,154	11,698,528	-	-	12,139,489	-	39,261,171
Banks	-	-	-	-	12,139,489	-	12,139,489
Customers	15,423,154	11,698,528	-	-	-	-	27,121,682
Hedging derivatives	-	-	32,832,339	-	-	-	32,832,339
Financial liabilities (negative interest rates)	-	-	-	-	-	61	61
Total	21,046,881	11,773,385	32,832,339	-	12,139,489	61	77,792,155

21.2 Interest expense and similar charges: breakdown

In EUR	YEAR 2025						
	Interest expenses calculated using EIR method			Other Interest expense			TOTAL
	DEPOSITS	SECURITIES	OTHER TRANSACTIONS	DEPOSITS	SECURITIES	OTHER TRANSACTIONS	
Financial liabilities at amortised cost	-	-	-	(49,200,378)	-	(12,939)	(49,213,317)
Deposits from banks	-	-	-	(36,278,874)	-	-	(36,278,874)
Deposits from customers	-	-	-	(12,921,504)	-	-	(12,921,504)
Other liabilities (IFRS 16)	-	-	-	-	-	(12,939)	(12,939)
Hedging derivatives	-	-	(19,070,549)	-	-	-	(19,070,549)
Total	-	-	(19,070,549)	(49,200,378)	-	(12,939)	(68,283,866)

In EUR	YEAR 2024						
	Interest expenses calculated using EIR method			Other Interest expense			TOTAL
	DEPOSITS	SECURITIES	OTHER TRANSACTIONS	DEPOSITS	SECURITIES	OTHER TRANSACTIONS	
Financial liabilities at amortised cost	-	(296,114)	-	(45,228,624)	-	(4,346)	(45,529,084)
Deposits from banks	-	-	-	(21,777,648)	-	-	(21,777,648)
Deposits from customers	-	-	-	(23,450,976)	-	-	(23,450,976)
Debt securities in issue	-	(296,114)	-	-	-	-	(296,114)
Other liabilities (IFRS 16)	-	-	-	-	-	(4,346)	(4,346)
Hedging derivatives	-	-	(15,523,104)	-	-	-	(15,523,104)
Total	-	(296,114)	(15,523,104)	(45,228,624)	-	(4,346)	(61,052,188)

22 Net fees and commissions income

22.1 Fees and commissions income: Breakdown

TYPE OF SERVICES/ VALUES In EUR	YEAR 2025	YEAR 2024
Financial Instruments	1,555,047	1,240,842
Placement of securities	335	335
Without irrevocable commitment	335	335
Reception and transmission of orders	1,112,244	966,766
Reception and transmission of orders of financial instruments	1,112,244	966,766
Other fees related to activities linked to financial instruments	442,468	273,741
Collective portfolio management	10,689,962	7,673,578
Custody and administration of securities	4,291,322	3,264,532
Custodian Bank	1,224,149	1,211,225
Other fee and commission income in relation to corporate finance	3,067,173	2,053,307
Distribution of third party services	2,586,799	1,794,886
Insurance products	1,606,651	1,794,886
Other products	980,148	-
Lending transaction	34,700	46,500
Currency trading	67,290	55,697
Other fee income	338,151	703,355
Total	19,563,271	14,779,390

22.2 Fees and commissions expenses: Breakdown

SERVICES/ VALUES In EUR	YEAR 2025	YEAR 2024
Financial instruments	(144,435)	(159,749)
<i>of which: individual Portfolio management</i>	<i>(144,435)</i>	<i>(159,749)</i>
own portfolio	(144,435)	(159,749)
Portfolio management: collective	(8,400,975)	(6,100,541)
Own portfolio	(8,400,975)	(6,100,541)
Custody and Administration	(2,170,532)	(1,387,709)
Collection and payments services	(95,552)	(94,496)
Financial guarantees received	(1,921,080)	(89,884)
Off - site distribution of financial instruments, products and services *	(26,474)	-
Other commission expenses	(487,514)	(773,718)
Total	(13,246,563)	(8,606,097)

23 Net gains on trading income

	2025 EUR	2024 EUR
Net (loss) or gain on derivatives equity linked notes	-	(30)
Gain on foreign exchange transactions	206,436	259,202
	206,436	259,172

24 Other result

The position includes:

- a) Gains on disposal of securities
- b) Net gains (losses) on hedge accounting
- c) Other operating income/expense

24.1 Gains on disposal of securities

During the year, the Bank sold EUR 95 million of Italian Government securities booked in Fair Value to Other Comprehensive Income, realising a gain of EUR 2,464,291. EUR 50 million of Italian Government securities and EUR 15 million of Spanish Government securities booked in Fair Value to Other Comprehensive Income matured.

EUR 30 million Italian BTP securities booked in Amortized Cost (AC) matured. The total amount realised during 2025 equals to a gain of EUR 2,464,291 which compares to a gain of EUR 184,687 realised in 2024.

24.2 Net (losses) / gains on hedge accounting

The Bank hedges part of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate assets and liabilities using interest rate swaps. As of 31st December 2025, the impact on the Profit or Loss coming from hedge accounting was EUR (384,567) which compares to a EUR 225,121 booked in 2024.

24.3 Other operating (expense) / income

The total net for the other operating expense is EUR (320,012). Other operating income of EUR 737,277 (2024: EUR 1,055,852) mainly includes expenses recoveries with other companies belonging to UniCredit Group; other operating expense of EUR (1,057,289) (2024: EUR 856,197) mainly includes non-deductible tax and other fiscal charges.

24.4 Net losses on non-trading financial assets mandatorily at fair value through profit or loss

Losses on non-trading financial assets mandatorily at fair value through profit or loss of are EUR (20,133) (2024: EUR 3,528).

25 Staff costs

In EUR	YEAR 2025	YEAR 2024
Employees	(11,694,602)	(11,048,258)
Wages and salaries	(8,992,406)	(8,785,682)
Social charges	(1,341,619)	(1,011,922)
Provision for retirements and similar provisions	(441,017)	(411,913)
- Defined benefit	(441,017)	(411,913)
Payments to external pension funds	(128,776)	(338,605)
- Defined contribution	(128,776)	(338,605)
Costs arising from share-based payments	(221,114)	(38,750)
Other employee benefits	(569,670)	(461,386)
Other staff	-	(1,136)
Supervisory Board Members	(60,000)	(60,000)
Total	(11,754,602)	(11,109,394)

In 2025, the increase of personnel expenses was mainly due to higher staff costs due to both indexation and increase of employees and senior managers.

	AMOUNTS AS AT	
	31.12.2025	31.12.2024
Employees	79	75
Senior managers	3	2
Managers	13	16
Remaining employees staff	63	57
Total	79	75

Remuneration paid during the year 2025 to Management and other executives of the Bank (overall 16 persons during 2025) amounted to EUR 2,824,972 (2024: overall 18 persons, EUR 2,809,416). Remuneration paid during the year 2025 to members of the Supervisory Board amounted to EUR 60,000 (2024: EUR 60,000).

The Supervisory Board had the following composition at the beginning of the financial year 2025:

- Mr Patrick SANTER – President
- Mr Massimiliano MASTALIA – Vice-President
- Ms Michaela EHRHARDT – Member
- Mr Ivan TARDIVO – Member

It is reminded that, following the resignation of Mr Simone MARCUCCI, with effect on 14th July 2024, from his functions as CEO and President of the Management Board, and in order to ensure full compliance with Article 12, first paragraph of the Articles of Association of the Bank stating that the Management Board is composed of at least two Members, the Supervisory Board resolved by written resolution taken on 15th July

2024 the appointment of one of its Members, i.e. Ms Federica CORTI, as Temporary Member of the Management Board, in compliance with Article 22, third paragraph of the Articles of Association of the Bank. Consequently, Ms Federica CORTI was suspended from her functions as Member of the Supervisory Board.

On 10th February 2025, the Bank received from the ECB the confirmation of non-objection in relation with the appointment of Ms Alessandra PROTOPAPA as new CEO and President of the Management Board of the Bank following a resolution taken by the Supervisory Board on 21st October 2024.

Therefore, on the same date Ms Federica CORTI was fully reintegrated in her functions as Member of the Supervisory Board.

On 24th March 2025, in the context of the Annual General Meeting of Shareholders, Mr Giuseppe RAPISARDA and Mr Antonio RUOZI were appointed as new Members of the Supervisory Board.

The Bank received from the ECB the confirmations of non-objection in relation with the appointment of Mr Giuseppe RAPISARDA on 11th June 2025, and in relation with the appointment of Mr Antonio RUOZI on 26th June 2025.

Mr Ivan TARDIVO and Ms Michaela EHRHARDT resigned from their functions as Members of the Supervisory Board with effect on 22nd July 2025 and 24th July 2025, respectively.

As a result of the changes occurred, the Supervisory Board had the following composition at the end of the financial year 2025:

- Mr Patrick SANTER – President
- Mr Massimiliano MASTALIA – Vice-President
- Ms Federica CORTI – Member
- Mr Giuseppe RAPISARDA – Member
- Mr Antonio RUOZI – Member

The mandates of all the members of the Supervisory Board will expire on the date of the Annual General Meeting of Shareholders which will be held in 2026.

The Management Board had the following composition at the beginning of the financial year 2025:

- Mr Luigi COLAVOLPE – CFO and President of the Management Board
- Ms Federica CORTI – Temporary Member of the Management Board

On 10th February 2025, the Bank received from the ECB the confirmation of non-objection in relation with the appointment of Mr Flavio BONOMO as new Member of the Management Board following a resolution taken by the Supervisory Board on 15th July 2024.

On the same date, Ms Federica CORTI was automatically reintegrated in her functions as Member of the Supervisory Board and left her position as Temporary Member of the Management Board.

Mr Flavio BONOMO never entered into function as a Member of the Management Board.

In the Management Board meeting held on 12th February 2025, he explained that he was not in the position to do so, as he was at the same time one of the two conducting officers of the fully owned subsidiary UniCredit Invest Lux S.A.: according with relevant regulations on management companies, UniCredit Invest Lux S.A. needed to have at least two full-time conducting officers, therefore he would have been in the

position to take office as member of the Management Board of UniCredit International Bank (Luxembourg) S.A. only after the appointment of a third conducting officer in UniCredit Invest Lux S.A.

Mr Flavio BONOMO resigned from his functions with effect on 31st May 2025 (he left UniCredit Group), before the appointment of the third conducting officer in UniCredit Invest Lux S.A.

On 22nd September 2025, the Supervisory Board appointed Ms Veronica TOMASONI as new Member of the Management Board, subject to the receipt by the Bank of the ECB confirmation of non-objection.

Until 31st December 2025, the ECB confirmation of non-objection had not been received yet by the Bank.

As a result of the changes occurred, the Management Board had the following composition at the end of the financial year 2025:

- Ms Alessandra PROTOPAPA – CEO and President of the Management Board
- Mr Luigi COLAVOLPE – CFO and Member of the Management Board
- *Ms Veronica TOMASONI – appointed Member of the Management Board (waiting for the ECB confirmation of non-objection)*

The mandate of all the Members of the Management Board will expire on the date of the Annual General Meeting of Shareholders which will be held in 2026.

26 Other administrative expenses

In EUR	YEAR 2025	YEAR 2024
Contributions to Resolution Fund and FGDL	(7,856)	(16,216)
Miscellaneous costs and expenses	(7,929,395)	(8,826,610)
Advertising marketing and communication	(26,981)	(23,480)
Indirect expenses relating to personnel	(100,780)	(116,220)
Information & Communication Technology expenses	(5,482,504)	(6,497,457)
Lease of ICT equipment and software	(166,882)	(114,223)
Software expenses: lease and maintenance	(2,447,977)	(3,942,366)
ICT communication systems	(337,034)	(305,364)
Services ICT in outsourcing	(1,868,362)	(1,427,358)
Financial information providers	(662,249)	(708,146)
Consulting and professionals services	(312,896)	(371,655)
Consulting	(197,293)	(261,184)
Legal expenses	(115,603)	(110,471)
Real estate expenses	(1,130,706)	(836,765)
Premises rentals	(600,961)	(615,433)
Utilities	(132,668)	(206,137)
Other real estate expenses	(397,077)	(15,195)
Operating costs	(875,528)	(981,033)
Surveillance and security services	(3,150)	(1,488)
Printing and stationery	(11,843)	(15,902)
Postage and transport of documents	(30,835)	(28,158)
Administrative and logistic services	(300,404)	(390,187)
Insurance	(54,156)	(61,512)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(415,315)	(419,112)
Other administrative expenses - other	(59,825)	(64,674)
Total	(7,937,251)	(8,842,826)

27 Income tax expense

The effect of deductible differences is due to diverging tax valuation and depreciation rules. The income tax rate of the Bank for current and deferred taxes in 2025 was 23.87% (2024: 24.94%).

	2025 EUR	2024 EUR
Current tax	(1,015,654)	(663,414)
Deferred tax	(69,225)	324,477
	(1,084,879)	(338,937)

	2025 EUR	2024 EUR
Profit before tax	3,222,546	637,055
Income Tax (current and Deferred)*	(769,222)	(158,882)
Change on rate for Deferred taxes (from 24,94% to 23,87%)	(32,935)	-
Tax effect of deductible differences	(282,722)	(180,055)
	(1,084,879)	(338,937)

*To better reflect the breakdown of Income tax expense, the Bank restated the 2024 figures related to the item "Income Tax (current and deferred)" amounting to EUR (338,937) by reallocating them to the items "Income Tax (current and deferred)" and "Tax effect of deductible differences".

28 Related party transactions

The Bank is controlled by UniCredit S.p.A., the ultimate parent, which owns 100% of the ordinary shares.

The Related Parties are identified in compliance with the relevant Bank of Italy regulation and IAS 24, as the sum of the "Related Parties" strictly defined, i.e.:

- 1) The corporate officers of UniCredit S.p.A. as well as of the supervised banks and intermediaries;
- 2) The stakeholders of UniCredit S.p.A. as well as of the banks and supervised intermediaries;
- 3) The persons, other than the stakeholders, which are able to appoint one or more members of the management body or of the body with strategic supervisory function of UniCredit S.p.A., and of the Supervised Banks and Intermediaries, also on the basis of agreements whatever their form or of statutory clauses whose subject matter or effect is the exercise of such rights or powers;
- 4) Companies or other corporate entities, also existing as non-corporate entities, on which UniCredit S.p.A. or Supervised Banks and Intermediaries or companies belonging to the Banking Group can exercise control or significant influence;

and the "Associated Persons" defined by the Bank of Italy regulation as:

1. Companies and enterprises, regardless of whether incorporated, controlled by any related party mentioned in above points 1), 2) and 3).
2. The persons controlling a related party among those mentioned above or the persons subject to, directly or indirectly, the joint control with said related party.
3. Close family members of a related party mentioned in above points 1), 2) and 3) and the companies or other corporate entities controlled by them.

Transactions with related parties are always conducted at market rates. A number of banking transactions are entered into with the related parties in the normal course of business. These include loans, deposits and derivative instruments. During the year there has been one transaction with key management personnel. The Bank and UniCredit S.p.A. entered into not guaranteed short and medium/long-term financing transactions in which both parties may provide short and medium/long-term finance to each other. In addition, the Bank as borrower entered into repurchase agreements. The Bank entered into derivative transactions for hedging purposed with entities of the group in relation to hedging interest rate risk or price risk (equity options) negotiated jointly with government securities and equity linked notes included into the bank assets or liabilities.

Additionally, during the year the Bank entered in the following transaction types with UniCredit S.p.A. or other Group legal entities: guarantee transactions, secondment of employees, transaction for Corporate support services, transaction for investment advisory services, clients referral, investment management services.

The outstanding balances at year-end and related expense and income for the year are as follows:

Related-party transactions: profit or loss items In EUR	Type of relationship	2025 TOTAL P&L ITEM	2024 TOTAL P&L ITEM
Operating income		39,421,781	59,691,682
Unicredit SPA	Parent and entities with joint control or significant influence	27,709,839	12,077,642
Unicredit Bank GmbH	Other entities of the same group	1,102,824	18,026,405
Unicredit Bank GmbH (Milan branch)	Other entities of the same group	-	22,053,799
UniCredit Invest Lux SA	Subsidiaries	10,606,515	7,533,836
Key management of the institution or its parent	Key management of the institution or its parent	2,603	-
Operating costs		(68,813,838)	(66,628,418)
Unicredit SPA	Parent and entities with joint control or significant influence	(60,829,619)	(23,167,234)
Unicredit Bank GmbH	Other entities of the same group	(7,151,240)	(11,881,277)
Unicredit Bank GmbH (Milan branch)	Other entities of the same group	-	(31,461,179)
UniCredit Invest Lux SA	Subsidiaries	(257,960)	(94,442)
Weicker Sà r.l.	Other entities of the same group	(575,019)	(24,286)

Related-party transactions: balance sheet items In EUR	Type of relationship	2025 TOTAL BS ITEM	2024 TOTAL BS ITEM
Total - Assets		(145,607,036)	(146,822,408)
Unicredit SPA	Parent and entities with joint control or significant influence	(97,226,007)	(99,537,294)
Unicredit Bank GmbH	Other entities of the same group	(219,276)	(1,975,011)
UniCredit Invest Lux SA*	Subsidiaries	(48,020,644)	(45,298,103)
Key management of the institution or its parent*	Key management of the institution or its parent	(129,109)	-
UCI Group Wealth management*	Other entities of the same group	(12,000)	(12,000)
Total - Liabilities		1,370,258,936	613,245,177
Unicredit SPA	Parent and entities with joint control or significant influence	1,338,552,298	602,384,763
Unicredit Bank GmbH	Other entities of the same group	1,341,596	753,972
Unicredit Bank GmbH (Milan branch)	Other entities of the same group	-	10,094,442
UniCredit Invest Lux SA*	Subsidiaries	30,352,199	-
Key management of the institution or its parent*	Key management of the institution or its parent	843	-
UCI Group Wealth management*	Other entities of the same group	12,000	12,000

*To better reflect the breakdown of Related Parties, the Bank included the related parties transactions with UniCredit Invest Lux S.A. amounting to EUR (48.020.644) (2024: EUR (45.298.103)) in Asset and EUR (30,352,199) (2024: EUR 0) in Liabilities and UCI

Group Wealth Management amounting to EUR 12.000 (2024: EUR 12.000). Accordingly, the 2024 figures related to those transactions have been additionally disclosed in the table above.

All the balances showed above are not secured and no guarantees have been obtained.

29 Fees billed by the réviseur d'entreprises agréé

The fees (VAT included) recorded in the financial year under other administrative expenses for the independent statutory auditor KPMG Audit S.à.r.l., breaks down as follows:

In EUR	2025	2024
Statutory audit of financial statements	177,293	178,425
	177,293	178,425

30 Deposit guarantee scheme

The Bank is a member of the “Fonds de garantie des dépôts Luxembourg” (FGDL), introduced by the law of 18th December 2015 to enact in national law the EU Directive of the European Parliament 2014/49/EU, which established a Deposit Guarantee Scheme (DGSD).

FGDL will cover eligible deposits of each depositor up to an amount of EUR 100,000. The Law also provides that deposits resulting from specific transactions or fulfilling a specific social or other purpose are covered for an amount above EUR 100,000 for a period of 12 months. To be funded until a target level of 0.8% of covered deposits, as defined in article 163 number 8 of the Law, FGDL is collecting annual contributions of the relevant credit institutions until the end of 2018. When the level of 0.8% is reached, the Luxembourgish credit institutions should continue to contribute for 8 additional years in order to constitute an additional safety buffer of 0.8% of covered deposits as defined in article 163 number 8 of the Law.

Covered deposits at year-end summed up to EUR 6.4 million. In 2025, the Bank contributed with EUR 8 thousand to FGDL for DGSD. The contribution to FGDL is reported under item Other Administrative expenses as per Note 26.

The Bank is reporting yearly to *Système d'indemnisation des investisseurs Luxembourg* (SIIL).

31 Single Resolution Mechanism

The law of 18th December 2015 Luxembourg transposed EU Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD) into local law. The directive authorities should be provided with comprehensive and effective arrangements to deal with failing banks at national level and to be able to handle in cooperation cross-border banking failures. One measure is the setup of national resolution funds funded by the contribution of all financial institutions based on their size and risk profile.

Also, in 2025 the Bank did not contribute to the national resolution fund (2024: EUR 0 million).

32 Advances and loans granted to the members of the administrative, managerial and supervisory bodies

There were no advances nor loans granted to the members of the administrative, managerial and supervisory bodies.

33 Events after the reporting period

No events which could have a material influence on the financial position, results of operations or cash flows occurred between the balance sheet date and the date on which the financial statements were authorised for issue.