



**FIRST SUPPLEMENT DATED 5 AUGUST 2022**

**TO THE BASE PROSPECTUS DATED 7 JUNE 2022**

**UNICREDIT S.p.A.**

(incorporated with limited liability as a *Società per Azioni* in the Republic of Italy under registered number 00348170101)

**€60,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME**

This supplement (the **Supplement**) to the base prospectus dated 7 June 2022 (the **Base Prospectus**), constitutes a supplement for the purposes of Article 23(1) of the Prospectus Regulation and is prepared in connection with the €60,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by UniCredit S.p.A. (**UniCredit** or the **Issuer**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and contains no omissions likely to affect its import.

**Purpose of the Supplement**

The purpose of the submission of this Supplement is to update the following sections of the Base Prospectus: (i) “*Risk Factors*”; (ii) “*Responsibility Statement, Third Party Information and Experts’ Reports*”; (iii) “*Documents Incorporated by Reference*”, to incorporate by reference some sections of the unaudited condensed interim consolidated financial statements (including review reports) of UniCredit as at each of 30 June 2021 and 30 June 2022; (iv) “*Use of Proceeds*” (v) “*Description of UniCredit and the UniCredit Group*”; and (vi) “*General Information*”.

## **Risk Factors**

The “Risk Factors” section of the Base Prospectus is amended as follows:

- In the subsection “Risks related to the financial situation of the Issuer and of the Group”, the Risk Factor headed “Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak and recent geopolitical tensions with Russia” on pages 20-23 of the Base Prospectus shall be deleted in its entirety and replaced as follows:

*“1.1.1 Risks associated with the impact of current macroeconomic uncertainties and the effects of the COVID-19 pandemic outbreak and recent geopolitical tensions with Russia*

*The financial markets and the macroeconomic and political environment of the countries in which UniCredit operates were impacted by the viral pneumonia known as "Coronavirus" (COVID-19) outbreak and this has had and could continue to have a negative impact on the performance of the Group. The valuation of certain assets has become complex and uncertain as a result of the lockdown measures and other restrictive measures put in place by governments for the containment of COVID-19 pandemic, even though progressively lifted. Moreover, macroeconomic uncertainty increased as a result of the heightened geopolitical tension between Russian Federation and Ukraine. The Russia-Ukraine crisis has caused a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty, and a sharp drop in consumer confidence. As inflation builds up as a result of the increase in energy price and the supply disruptions, ECB is changing its monetary stance and market is repricing interest rate expectations. The outlook is surrounded by risks, also related to a cessation of gas supply from Russia. As a consequence, the expectations regarding the performance of the global economy remain still uncertain in both the short and medium term. The macroeconomic context in which the Group functioned in 2021 was characterized by the encouraging signs of recovery compared with the prior year, supported by the governmental measures sustaining the economy, by vaccination campaigns and by the progressive slowing-down of the lockdown measures. The current environment continues to be characterized by highly uncertain elements, such as geopolitical tensions with Russia, with the possibility that the slowdown of the economy could generate a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement. On 9 December 2021, UniCredit presented to the financial community its new Strategic Plan, which included a set of strategic and financial objectives that considered the underlying scenario and resulted from the assessment performed in the previous months.*

*The macro assumptions underlying the Strategic Plan exclude<sup>1</sup> unexpected materially adverse developments such as the worsening of the COVID-19 pandemic and Russia-Ukraine conflict, situations that UniCredit is monitoring closely.*

*The evaluations processes, such as Deferred Tax Assets, whose recoverable amount depends on cash flows projections, might be subject to a change not foreseeable at the moment and from which could derive possible negative effects, including significant ones, on the bank's financial and economic situation.*

The financial markets and the macroeconomic and political environment of the countries in which UniCredit operates were impacted by the viral pneumonia known as "Coronavirus" (COVID-19) outbreak and this has had and could continue to have a negative impact on the performance of the Group. The valuation of certain assets has become complex and uncertain as a result of the lockdown

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<sup>1</sup> Macro assumptions consider the recent and still existing impacts of COVID-19 with a gradual normalisation over the upcoming years. The scenario does not assume that the current COVID-19 situation will develop in a particularly negative way in the upcoming years.

measures and other restrictive measures put in place by governments for the containment of COVID-19 pandemics, even though progressively lifted. Moreover, macroeconomic uncertainty increased as a result of the heightened geopolitical tension between Russian Federation and Ukraine. The Russia-Ukraine crisis has caused a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty and a sharp drop in consumer confidence. As inflation builds up as a result of the increase in energy price and the supply disruptions, ECB is changing its monetary stance and market is repricing interest rate expectations. The outlook is surrounded by risks, also related to a cessation of gas supply from Russia. As a consequence, the expectations regarding the performance of the global economy remain still uncertain in both the short and medium term.

The macroeconomic context in which the Group functioned in 2021 was characterized by the encouraging signs of recovery compared with the prior year, supported by the governmental measures sustaining the economy, by vaccination campaigns and by the progressive slowing-down of the lockdown measures.

The current environment continues to be characterized by highly uncertain elements, such as geopolitical tensions with Russia, with the possibility that the slowdown of the economy could generate a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement. The adequate operative answer and the prudential management ensured by the Group during 2020 to face the crisis emerging from the COVID-19 pandemic, allowed in 2021 to reach a performance improvement. In fact the Group recorded a Euro 822 million increase in revenues to Euro 17,954 million for the year ended 31 December 2021 from Euro 17,132 million for the corresponding period of 2020, sustained mainly by higher commissions and trading profit.

UniCredit's Loan Loss Provisions (**LLPs**) decreased by Euro 3,362 million to Euro 1,634 million as at 31 December 2021 from Euro 4,996 million as at 31 December 2020. Therefore, the cost of risk (**CoR**) in the 2021 was 37 bps, decreased compared to the past year (105 bps).

UniCredit's LLPs, excluding Russia, increased Q/Q and decreased by 71.7 per cent. Y/Y to Euro 108 million in 2Q22. Therefore, the cost of risk, excluding Russia, increased by 5 bps Q/Q and decreased by 26 bps Y/Y to 10 bps in 2Q22.

UniCredit's LLPs in 2Q22 amounted to Euro -2 million (write-backs). Therefore, the CoR in 2Q22 was equal to 0 bps.

UniCredit's LLPs, excluding Russia, in 1H22 amounted to Euro 161 million decreased by 69.7 per cent H/H. Therefore the CoR was equal to 7 bps.

UniCredit's LLP in 1H22 amounted to Euro 1.281 million. Therefore the CoR was equal to 56 bps.

Revenues were up 4.8 per cent. Y/Y to Euro 18.0 billion in FY21 with fees (+12.1 per cent. Y/Y), trading income up +16 per cent. Y/Y and dividends and other income from equity investments + 25.2 per cent., more than offsetting lower NII (*i.e.* net interest income) (-4 per cent. Y/Y). Total revenues up 12.0 per cent. Q/Q and up 5.5 per cent. Y/Y to Euro 4.8 billion in 1Q22, with continued fees (+9.0 per cent. Q/Q, +7.9 per cent. Y/Y) offset by weaker quarterly trends in NII (-4.2 per cent. Q/Q, +5.5 per cent. Y/Y).

In 2Q22 revenues stood at €4.5 billion, down 6.8 per cent. Q/Q due to an expected normalisation from record high levels of fee income and trading revenue in previous quarter, up 4.9 per cent. Y/Y driven by net interest income growth thanks to the interest rate environment and strong commercial activity<sup>2</sup>.

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<sup>2</sup> 1Q and 2Q22 data excluding Russia

In details<sup>3</sup>: FY21 NII was down 4 per cent. Y/Y to Euro 9.1 billion, as a result of lower loans volumes and customer rates; fees were at Euro 6.7 billion, up 12.1 per cent. FY/FY, mainly due to investment fees. FY21 trading income was up 16.0 per cent. FY/FY at Euro 1.6 billion, of which Euro 1.3 billion is customer driven, increasing thanks to Valuation adjustments (XVA<sup>4</sup>) and Fair Value (FV) valuation. Also dividends were up, +25.2 per cent. FY/FY to Euro 520 million, with a higher contribution from Yapi Kredi (+Euro 18 million FY/FY). In 1Q22<sup>2</sup>, NII stood at Euro 2.2 billion, down 4.2 per cent. Q/Q. Adjusted for a positive non-recurring item in Germany in 4Q21 and days effect, NII was up 2 per cent. Q/Q, also supported by recovering demand for credit. Average client loan volumes are up Euro 8 billion Q/Q driven by Austria, Germany and Italy; fees at Euro 1.8 billion in 1Q22, up 9.0 per cent. Q/Q and 7.9 per cent. Y/Y. UniCredit fees are well diversified, and all categories contributed positively, led by transactional and financing fees; trading income was strong at Euro 701 million in 1Q22, of which Euro 388 million client driven, thanks to good results in Fixed Income, Currencies & Commodities in both in Italy and Germany, with positive XVA<sup>3</sup> and good Treasury results contributing to a Q/Q increase. In 2Q22 NII stood at €2.3 billion, up 6.6 per cent. Q/Q and up 11.0 per cent. Y/Y. The Q/Q trend reflects enhanced commercial activity particularly in Italy and increased demand for credit, treasury and market activities as well as the days' effect. The Y/Y trend reflects higher loan volumes and upturn on rates, partially offset by deposits as affected by rate increases as well as contribution from treasury, markets and term funding. Trading income has moderated, as expected, to €360 million in 2Q22, down 48.7 per cent. Q/Q primarily due to non-client driven components such as €141 million from treasury and €174 million from strategic FX Hedging dividends and earnings; and down 7.4 per cent. Y/Y driven by non-client driven components primarily due to Strategic FX Hedging dividends and a decrease in earnings mainly due to ruble hedging, partially offset by client-driven XVA. Fees normalised this quarter as expected, down 6.7 per cent. Q/Q and delivered a sound performance at €1.7 million, up 1.2 per cent. Y/Y, demonstrating benefit diversification of UniCredit's fee base.

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2021 and the consolidated First Half Financial Report as at 30 June 2022. As at 30 June 2022, the market environment continues to be affected by a risk of a lower predictivity of the macro economic projections arising from the outbreak of Russian-Ukrainian geopolitical tensions. Indeed, the outbreak of Russian-Ukrainian conflict followed by the sanctions imposed to Russia, which reacted with counter sanctions, have increased uncertainty about growth prospects, despite in the first half of 2022 economic activities have resumed as a result of the lifting by governments of the measures put in place to contain the COVID-19 pandemic.

Such uncertainty is also highlighted by the ECB, reporting, in its Macro-economic Projections published in June 2022, that the geopolitical tensions have severely hit confidence, caused energy and food prices to soar further and, together with pandemic-related disruptions in China, compounded existing supply chain pressures. These factors act as headwinds for the economic recovery in the euro area implying much weaker (though still positive) near-term growth prospects while growth in the medium term would somewhat stand above historical average rates, reflecting a gradual recovery from the economic fallout from the pandemic, as well as the fading of the negative impacts of the war.

In the context of persisting uncertainty explained above, UniCredit Group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of Condensed interim consolidated financial statements as at 30 June 2022. In particular, in addition to the "Baseline" scenario, which reflects the expectations considered most likely concerning macro-economic trends, alternative scenarios have been outlined that assume different trends in the main macro-economic parameters. Such updated scenarios were considered for the valuation of credit exposures and deferred tax assets.

With reference to the credit exposures as at 30 June 2022, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default)

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<sup>3</sup> 1Q and 2Q22 data excluding Russia

<sup>4</sup> Valuation adjustments (XVA) include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVA) and Hedging desk.

were updated according to the Group policies, on the basis of the scenarios highlighted above. In light of the persistent level of uncertainty, the overall blended probability was worsened by reducing the positive scenario from 5% to 0%, and correspondently increasing the Baseline scenario from 55% to 60%; eventually, the Adverse scenario was kept at 40%

With reference to Deferred tax assets (DTAs), for the purposes of Condensed interim consolidated financial statements as at 30 June 2022, the following analyses were performed with reference to the Italian Tax Perimeter (which accounts for the significant majority of the DTAs): (i) evolution of the macroeconomic scenarios highlighted above compared to the scenario underlying the valuation process at 31 December 2021; (ii) comparison between the actual profit before taxes and the budget underlying the test executed in December 2021; (iii) confirmation or updating of the additional methodological assumptions (reference tax legislation, perimeter of companies, volatility of the parameters underlying the model and reversal timeline of non-convertible DTAs) used in the valuation process. Following the above mentioned analysis the DTAs sustainability test was updated at 30 June 2022 maintaining the Profit Before Tax projections used in 31 December test.

While evaluations have been made on the basis of assumptions deemed to be reasonable as at 30 June 2022, existing uncertainties related to evolution of the geo-political tensions between Russia and Ukraine, the effects of sanctions imposed to Russia, as well as the evolution of the pandemic and the reinstatement of containment measures put in place by governments could further affect the valuation processes.

Therefore, the information and parameters used for the update of the DTA sustainability test and the evaluation of the loan portfolio in term of Expected Credit Loss (ECL) could develop in different ways to those envisaged, with possible further negative effects on UniCredit's assets and operations, balance sheet and/or income statement.

On 9 December 2021, UniCredit presented to the financial community its new Strategic Plan, which included a set of strategic and financial objectives that considered the underlying scenario and resulted from the assessment performed in the previous months.

The macro assumptions underlying the Strategic Plan exclude<sup>1</sup> unexpected materially adverse developments such as the worsening of the COVID-19 pandemic, a situation that UniCredit is monitoring closely.

For further information on the risks associated with the Strategic Plan, see Risk 1.1.2 "*Risks connected with the Strategic Plan 2022 – 2024*".

Material adverse effects on the business and profitability of the Group may also result from further developments of the monetary policies and additional events occurring on an extraordinary basis (such as political instability, terrorism and any other similar event occurring in the countries where the Group operates and, as recently experienced, a pandemic emergency). Furthermore, the economic and geopolitical uncertainty has also introduced a considerable volatility and uncertainty in the financial markets, potentially impacting on credit spreads/cost of funding and therefore on the values the Group can realize from sales of financial assets.

The outlook of the pandemic normalization path in terms of its timeline and further evolution remains uncertain, as well as the magnitude of the economic impact. The Global economic developments can be further impacted by the potential new rounds of restrictions/financial sanctions that might be introduced by some countries across the world, with the risk of further slowing down of the economy.

In particular, global growth is characterized by high levels of uncertainty, mainly related to: (i) the evolution of the conflict between Russia and Ukraine and the related potential implications/spill-over macroeconomic effects; (ii) risks related to a cessation of gas supply from Russia; (iii) the impact on global growth and on individual countries due to COVID-19; (iv) the risk of further increasing inflation with persistently high energy costs; (v) future developments in the European Central Bank (the ECB)

and Federal Reserve (FED) monetary policies (rate tightening cycle); (vi) the sustainability of the sovereign debt of certain countries and the related, repeated shocks to the financial markets.”

- In the subsection “*Risks related to the financial situation of the Issuer and of the Group*”, the Risk Factor headed “*Risks connected with the Strategic Plan 2022 – 2024*”, on pages 23-25 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“*1.1.2 Risks connected with the Strategic Plan 2022 – 2024*

*On 9 December 2021, UniCredit presented to the financial community in Milan the 2022-2024 Strategic Plan called “UniCredit Unlocked” (the **Strategic Plan or Plan**) which contains a number of strategic, capital and financial objectives (the **Strategic Objectives**). “UniCredit Unlocked” delivers strategic imperatives and financial ambitions based on six pillars. Such strategic imperatives and financial ambitions regard: (i) the growth in its regions and the development of its client franchise, changing its business model and how its people operate; (ii) the delivery of economies of scale from its footprint of banks, transforming the technology leveraging Digital & Data and embedding sustainability in all that UniCredit does; (iii) driving financial performance via three interconnecting levers. UniCredit’s ability to meet the strategic objectives and all forward-looking statements relies on a number of assumptions, expectations, projections and provisional data concerning future events and is subject to a number of uncertainties and other factors, many of which are outside the control of UniCredit. Macro assumptions exclude<sup>1</sup> unexpected materially adverse developments such as the worsening of the COVID-19 pandemic, a situation that UniCredit is monitoring closely. The six pillars are: (i) optimise, through the improvement of operational and capital efficiency; (ii) invest, with targeted growth initiatives, including ESG; (iii) grow net revenues; (iv) return; (v) strengthen thanks to revised CET1 ratio target and decrease of Gross NPE ratio; and (vi) distribute consistently with organic capital generation. For all these reasons, investors are cautioned against making their investment decisions based exclusively on the forecast data included in the strategic objectives. Any failure to implement the strategic objective or meet the strategic objectives may have a material adverse effect on UniCredit’s business, financial condition or results of operations.*

The Issuer evaluates that the materiality of such risk shall be high.

On 9 December 2021, UniCredit presented to the financial community in Milan the 2022-2024 Strategic Plan called “*UniCredit Unlocked*” (the **Strategic Plan or Plan**) which contains a number of strategic, capital and financial objectives (the **Strategic Objectives**). The Strategic Plan focuses on UniCredit’s geographic areas in which the Bank currently operates; with financial performance driven by three interconnecting levers: cost efficiency, optimal capital allocation and net revenue growth.

“*UniCredit Unlocked*” delivers strategic imperatives and financial ambitions based on six pillars. Such strategic imperatives and financial ambitions regard: (i) the growth in its regions and the development of its client franchise, changing its business model and how people operate; (ii) the delivery of economies of scale from its footprint of banks, transforming the technology leveraging Digital & Data and embedding sustainability in all that UniCredit does; (iii) driving financial performance via three interconnecting levers.

Sustainability is embedded in the Plan and UniCredit commits to deliver on ESG global policies. Specifically UniCredit: has established an ESG advisory model for Corporates and Individuals; is financing innovation for environmental transition; and is partnering with key players to enrich and improve ESG offerings across-sectors.

New business model allows for strong organic capital generation<sup>5</sup> with materially increased and growing shareholder distributions<sup>6</sup>, consisting in cash dividends and share buybacks, while maintaining a robust CET1 ratio.

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<sup>5</sup> Organic capital generation means CET1 evolution deriving from (i) stated net profit excluding DTA from tax loss carry forward contribution and (ii) RWA dynamic net of regulatory headwind.

<sup>6</sup> Shareholder distribution subject to supervisory & shareholder approvals and inorganic options.

Although the Plan is based primarily through management actions, thanks to its geographical positioning UniCredit: (i) over the three years, assumes a conservative interest rate scenario based on a broadly stable Euribor 3 month rate; (ii) the combination of its countries is expected to deliver GDP growth<sup>7</sup> above the eurozone average over the course of the Plan, helped by its Central and Eastern European positioning.

Macro assumptions exclude<sup>1</sup> unexpected materially adverse developments such as the worsening of the COVID-19 pandemic, a situation that UniCredit is monitoring closely.

The Plan is based on six pillars:

- **Optimise:** improving operational and capital efficiency, with gross cost savings, considering also Digital & Data, and a contribution to CET1 ratio from active portfolio management; expect RWA to decrease over the course of the Plan as active portfolio management more than offsets impact of organic growth and expected regulatory headwinds;
- **Invest:** cash investments in Digital & Data, new hires in Business and Digital & Data, targeted growth initiatives including ESG; gross integration costs impact from: Team23 acceleration, technology benefit and simplification & streamlining;
- **Grow:** increasing net revenues in the period 2021-2024, net of all the optimisation UniCredit is undertaking, with underlying growth substantially higher;
- **Return:** increasing in 2024;
- **Strengthen:** thanks to revised CET1 ratio target, decrease in gross NPE ratio and stable net NPE ratio in 2024;
- **Distribute:** consistently with organic capital generation<sup>6</sup> from net profit and RWA evolution.

UniCredit's ability to meet the Strategic Objectives and all forward-looking statements relies on a number of assumptions, expectations, projections and provisional data concerning future events and is subject to a number of uncertainties and other factors, many of which are outside the control of UniCredit. There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents of any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performances.

The future financial results could be influenced by the dynamics of COVID-19 and moreover macroeconomic uncertainty increased as a result of the heightened geopolitical tension between Russian Federation and Ukraine. The Russia-Ukraine crisis has caused a sharp rise in commodities prices and inflationary pressure, further global supply-chain disruption, a tightening of financial conditions, heightened uncertainty and a sharp drop in consumer confidence. As inflation builds up as a result of the increase in energy price and the supply disruptions, ECB is changing its monetary stance and market is repricing interest rate expectations. The outlook is surrounded by risks, also related to a cessation of gas supply from Russia, which were not foreseeable at the date of the Strategic Plan presentation, and which are still uncertain.

In particular, Eurozone's GDP expanded by 5.3 per cent. in 2021 Y/Y, with a rebound vs. 2020 significantly impacted by COVID-19 related containment measures. Among the largest eurozone economies, France and Italy experienced greatest growth, respectively +7.0 per cent. and +6.6 per cent. (Germany +2.9 per cent., Austria +4.5 per cent.).

For this reason, UniCredit after having updated the macroeconomic assumptions connected with the determination of LLPs in December 2021 has further updated the macroeconomic assumptions with reference to Russia in light of a drop in GDP higher than those expected under the negative scenario considered in December 2021 in accordance with International Financial Reporting Standards 9 (IFRS9).

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<sup>7</sup> Average of yearly changes.

For the 2Q22, reflecting UniCredit's historically prudent approach on classification and provisioning, the cost of risk, excluding Russia, is 10 basis points. Cost of risk, excluding Russia, is expected in the 30 to 35 basis points range over the plan period.

Any failure by the Group to implement the revised 2022-2024 Strategic Plan or meet the Strategic Objectives may have a material adverse effect on UniCredit's business, financial condition or results of operations. Assumptions by their nature are inherently subjective and the assumptions underlying the Strategic Objectives could turn out to be inaccurate, in whole or in part, which may mean that UniCredit is not able to fulfil the Strategic Plan. If this were to occur, the actual results may differ significantly from those set forth in the Strategic Objectives, which could have a material adverse effect on UniCredit's business, results of operations, financial condition or capital position.

The Strategic Objectives are also based on certain assumptions which include actions that management should undertake over the course of the new Strategic Plan, including:

- over the three years, UniCredit assumes a conservative interest rate scenario based on a broadly stable Euribor three month rate;
- the combination of the countries is expected to deliver GDP growth that is above the eurozone average over the course of the Plan. This is helped by UniCredit's Central and Eastern European positioning;
- Central and Eastern Europe loan growth is expected at a multiple of GDP due to the relatively low maturity of the market;
- Recovery and Resilience Fund allocation: the countries have access to approximately 50 per cent of the overall fund disbursement.

Given that the realization of these initiatives is, as of the date hereof, uncertain, should UniCredit fail to generate the expected benefits of actions taken to support future income, UniCredit may not reach its Strategic Objectives, its results may differ significantly from those set out in the new Strategic Plan which, in turn, could have a material adverse effect on UniCredit's business, financial condition and results of operations.

Furthermore, should any of the assumptions turn out to be inaccurate and/or the circumstances envisaged not be fulfilled, or fulfilled only in part or in a different way to that assumed, the ability to meet the Strategic Objectives may be negatively impacted. For example, the focus set out in the new Strategic Plan on delivering enhanced capital returns for shareholders through, among other things, share buy-backs and cash dividends, could be reasonably influenced by the dynamics of the COVID-19 pandemic outbreak as well as the evolution of the geopolitical tension with Russia.

Given the inherent uncertainty surrounding any future event, both in terms of the event's occurrence as well as eventual timing, the differences between the actual values and the Strategic Objectives could be significant.

For all these reasons, investors are cautioned against making their investment decisions based exclusively on the forecast data included in the strategic objective. Any failure to implement the strategic objective or meet the strategic objective may have a material adverse effect on UniCredit's business, financial condition or results of operations.”

- In the subsection “*Risks related to the financial situation of the Issuer and of the Group*”, the Risk Factor headed “*Credit risk and risk of credit quality deterioration*”, on pages 26-28 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

*“1.1.3 Credit risk and risk of credit quality deterioration*

*The activity, financial and capital strength and profitability of the UniCredit Group depend, among other things, on the creditworthiness of its customers. In carrying out its credit activities, the Group is exposed to the risk that an unexpected change in the creditworthiness of a counterparty may generate a corresponding change in the value of the associated credit exposure and give rise to the partial or total write-down thereof. The current environment continues to be characterised by highly uncertain elements, with the possibility that the slowdown of the economy, jointly with the termination of the safeguard measures, such as the customer loans moratorium, generates a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged in the income statement.*

*UniCredit’s Loan Loss Provisions (LLPs), excluding Russia, increased Q/Q and decreased by 71.7 per cent. Y/Y to Euro 108 million in 2Q22. Therefore, the cost of risk, excluding Russia, increased by 5 bps Q/Q and decreased by 26 bps Y/Y to 10 bps in 2Q22. As at 30 June 2022, Group gross NPE ratio, excluding Russia, was equal to 2.8 per cent., decreasing compared to 31 March 2022 in which the gross NPE ratio was equal to 3.6 per cent. As at 30 June 2022, Group Net NPE ratio, excluding Russia, decreasing compared to 31 March 2022 and is equal to 1.5 per cent.*

*UniCredit’s LLPs, excluding Russia, in 1H22 amounted to Euro 161 million decreased by 69.7 per cent. H/H. Therefore the CoR was equal to 7 bps.*

*In the context of credit activities, this risk involves, among other things, the possibility that the Group's contractual counterparties may not fulfil their payment obligations, as well as the possibility that Group companies may, based on incomplete, untrue or incorrect information, grant credit that otherwise would not have been granted or that would have been granted under different conditions.*

*Other banking activities, besides the traditional lending and deposit activities, can also expose the Group to credit risks. "Non-traditional" credit risk can, for example, arise from: (i) entering derivative contracts; (ii) buying and selling securities currencies or goods; and (iii) holding third-party securities. The counterparties of said transactions or the issuers of securities held by Group entities could fail to comply due to insolvency, political or economic events, a lack of liquidity, operating deficiencies, or other reasons.*

*The Group has adopted procedures, rules and principles aimed at monitoring and managing credit risk at both individual counterparty and portfolio level. However, there is the risk that, despite these credit risk monitoring and management activities, the Group's credit exposure may exceed predetermined risk's levels pursuant to the procedures, rules and principles it has adopted.*

The Issuer evaluates that the materiality of both the credit risk and the risk of credit quality deterioration shall be medium-high.

The credit risk inherent in the traditional activity of providing credit is material, regardless of the form it takes (cash loan or endorsement loan, secured or unsecured, etc.).

With regard to "non-traditional" credit risk, the UniCredit Group negotiates derivative contracts and repos on a wide range of products, such as interest rates, exchange rates, share prices/indices, commodities (precious metals, base metals, oil and energy materials), both with institutional counterparties, including brokers and dealers, central counterparties, central governments and banks, commercial banks, investment banks, funds and other institutional customers, and with non-institutional Group customers. These operations expose the UniCredit Group to the risk of counterparty, which is

the risk that the counterparty may become insolvent before the contract matures, not being able to fulfil its obligations towards to the Issuer or one of the other Group companies.

As at 30 June 2022, Group gross NPEs, excluding Russia, were down by 37.7 per cent. Y/Y and 20.7 per cent. Q/Q to Euro 13.1 billion in 2Q22 (while as at 31 March 2022 they were equal to Euro 16.5 billion) with an improved gross NPE ratio of 2.8 per cent. (-1.9 p.p. Y/Y, -0.8 p.p. Q/Q), while as at 31 March 2022 the gross NPE ratio was equal to 3.6 per cent.

As at 30 June 2022, Group Net NPEs, excluding Russia, stood at Euro 6.7 billion decreased compared to 31 March 2022 which attested at Euro 7.6 billion (Group Net NPE ratio, excluding Russia, decreasing compared to 31 March 2022 and is equal to 1.5 per cent.).

As at 30 June 2022, the Group gross NPEs decreased to Euro 13.9 billion (-21.8 p.p. Q/Q, -35.3 p.p. Y/Y) while as at 31 March 2022 they were equal to Euro 17.8 billion, while Group Net NPEs were decreased to Euro 7.0 billion.

For more information on European legislative initiatives on Non-Performing Loans, please see section headed "*Information about the Issuer*", paragraph 1.1.4 (*The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer*) of this Base Prospectus.

Furthermore, since 2014 the Italian market has seen an increase in the number of disposals of non-performing loans, characterised by sale prices that are lower than the relative book values, with discounts greater than those applied in other European Union countries. In this context, the UniCredit Group has launched a structured activity to reduce the amount of non-performing loans on its books, while simultaneously seeking to maximise its profitability and strengthen its capital structure.

In the last years, also in accordance with the EBA Guidelines of 31 October 2018 on management of non-performing and forbore exposures for credit institutions with a gross NPL ratio greater than 5 per cent., the Group has adopted a strategic plan to reduce Non-Performing Exposures (NPE) and operational and governance systems to support it.

Starting from the year 2015 the overall reduction of the Group NPE amounted to about Euro 64 billion, moving from Euro 77.8 billion of 2015 to Euro 13.9 billion of 2Q22 (Euro 17.3 billion of 2021). This amount includes the loans disposed of through Project Fino in July 2017 and IFRS 5 positions if any.

According to the new Strategic Plan 2022-2024, the Group will continue to manage NPEs proactively to optimise value and capital.

The current environment continues to be characterised by highly uncertain elements, with the possibility that the slowdown of the economy, jointly with the termination of the safeguard measures, such as the customer loans moratorium, generates a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement.

In order to mitigate the negative consequences caused by the restrictive measures adopted to contain the COVID-19 outbreak, several countries in which the Group operates have enacted national provisions to postpone the payment of the instalments upon request of customers or automatically (the so-called "moratoria").

In accordance with ESMA statements of 25 March 2020, which clarified that it is unlikely that the contractual changes resulting from these moratoria can be considered as substantial, the Group has not derecognised credit exposures that were subject to such moratoria, to date largely expired.

UniCredit's Loan Loss Provisions (**LLPs**), excluding Russia, increased Q/Q and decreased by 71.7 per cent. Y/Y to Euro 108 million in 2Q22. Therefore, the cost of risk, excluding Russia, increased by 5 bps Q/Q and decreased by 26 bps Y/Y to 10 bps in 2Q22.

UniCredit's LLPs in 2Q22 amounted to Euro -2 million (write-backs). Therefore, the CoR in 2Q22 was equal to 0 bps. At the same time, the Group maintained a broadly unchanged Q/Q amount of overlays on performing exposures at circa Euro 1.0 billion, as new additional overlays, largely on energy intensive sectors, were set aside in 2Q22 with updated IFRS9 macro scenarios, offset by releases of prior overlays, substantially maintaining the Group's capacity to absorb any potential spill-over effects.

UniCredit's LLPs, excluding Russia, in 1H22 amounted to Euro 161 million decreased by 69.7 per cent. H/H. Therefore the CoR was equal to 7 bps.

UniCredit's LLP in 1H22 amounted to Euro 1.281 million. Therefore the CoR was equal to 56 bps.

Moreover, in order to cope with the extraordinary contingency of COVID-19 and the peculiar dynamic of default risk observed in the course of 2021 as a consequence of supporting measures and the potential emerging of a cliff-effect in 2022 when the measures will expire, an upward corrective factor has been applied on both the 2021 default rate and the 2022 forecast underlying the updated calibration of IFRS models for the 31 December 2021 figures and likely postponement of part of default risk in 2022.

It is worth pointing out that the measurement is affected by the already mentioned degree of uncertainty on the evolution of the pandemic, the effect of the relief measures and, ultimately, the existence and degree of economic recovery. The evolution of these factors may, indeed, require in future financial years the classification of additional credit exposures as non-performing thus determining the recognition of additional loan loss provisions related to both these exposures as well as performing exposures following the update in credit parameters. In this context it will be relevant, among other factors, the ability of the customers to service their debt once moratoria measures adopted by the Governments of the countries where the Group operates or voluntarily adopted by the Group's banks themselves, will expire. The Group delivered underlying net profit of Euro 3,900 million for FY21, increased compared to the underlying net profit of Euro 1,264 million delivered for FY20.

For further information in relation to the net write-downs on loans, please see the consolidated financial statements of UniCredit as at 31 December 2021 and the consolidated First Half Financial Report results as at 30 June 2022.”

- In the subsection “*Risks related to the financial situation of the Issuer and of the Group*”, the Risk Factor headed “*Risks associated with the Group's exposure to sovereign debt*”, on pages 28-29 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“*1.1.4 Risks associated with the Group's exposure to sovereign debt*

*As at 30 June 2022, the Group's sovereign exposures in debt amounts to Euro 113,046 million (as at 31 December 2021 it amounted to Euro 114,690 million), of which about 82 per cent. concentrated in eight countries. In particular, the Group's exposure to Italian sovereign debt in debt securities amounts to Euro 41,213 million (at 31 December 2021 it amounted to Euro 43,121 million) and represents, respectively, over 36 per cent of the Group's total sovereign exposure represented by debt securities (about 38 per cent. at 31 December 2021) and over 4 per cent. of the Group total assets (about 5 per cent. at 31 December 2021). Increased financial instability and the volatility of the market, with particular reference to the increase of credit spread, or the rating downgrade of sovereign debt, as well as the rating downgrade of Italian sovereign debt, or forecasts that such downgrades may occur, could negatively impact the financial position of UniCredit and/or the Group considering their exposure to sovereign debt.*

*Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. For the purposes of the current risk exposure, positions held through Asset Backed Securities (ABS) are not included.*

With reference to the Group's sovereign exposures in debt, the book value of sovereign debts securities as at 30 June 2022 amounted to Euro 113,046 million (as at 31 December 2021 it amounted to Euro 114,690 million), of which about the 82 per cent was concentrated in eight countries, including: Italy with Euro 41,213 million (at 31 December 2021 it amounted to Euro 43,121 million), representing over 36 per cent of the total (about 38 per cent at 31 December 2021) and over 4 per cent of the Group total assets (about 5 per cent at 31 December 2021); Spain with Euro 16,073 million; Japan with Euro 11,336 million; Germany with Euro 8,603 million; United States of America with Euro 6,050 million; Austria with Euro 3,604 million; France with Euro 2,921 million and Romania with Euro 2,571 million.

As at 30 June 2022, the remaining 18 per cent of the total sovereign exposures in debt securities, equal to Euro 20,675 million as recorded at the book value, was divided between 37 countries, including: Portugal (Euro 2,054 million), Bulgaria (Euro 1,981 million), Croatia (Euro 1,701 million), Czech Republic (Euro 1,567 million), Hungary (Euro 1,490 million), Russia (Euro 1,296 million), Israel (Euro 1,174 million), Ireland (Euro 1,011 million), Poland (Euro 1,010 million), Serbia (Euro 875 million) and China (Euro 785 million).

With respect to these exposures, as at 30 June 2022, there were no indications that defaults have occurred and the Group is closely monitoring the evolution of the situation.

With particular reference to the book value of the sovereign debt securities exposure to Russia it should be noted that Euro 1,294 million are held by the Russian controlled bank and almost totally classified in the banking book.

Note that the aforementioned remaining of the sovereign exposures held as at 30 June 2022 also included debt securities relating to supranational organisations, such as the European Union, the European Financial Stability Facility and the European Stability Mechanism, worth Euro 3,938 million (as at 31 December 2021 it amounted to Euro 2,680 million).

In addition to the Group's sovereign exposure in debt securities, there were also loans issued to central and local governments and government bodies, amounting to Euro 25,459 million as at 30 June 2022 (as at 31 December 2021 it amounted to Euro 31,068 million)."

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Liquidity risk*", on pages 30-32 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

#### *"1.2.1 Liquidity Risk*

*The main indicators used by the UniCredit Group to assess its liquidity profile are (i) the Liquidity Coverage Ratio (LCR), which represents an indicator of short-term liquidity subject to a minimum regulatory requirement of 100 per cent. from 2018 and which was equal to 171 per cent. in June 2022, whereas at 31 December 2021 was equal to 182 per cent. (calculated as the average of the 12 latest end of month ratios), and (ii) the Net Stable Funding Ratio (NSFR), which represents the indicator of structural liquidity and which in June 2022 was above the internal limit set at 102 per cent. as at 31 December 2021, within the risk appetite framework. Liquidity risk refers to the possibility that the UniCredit Group may find itself unable to meet its current and future, anticipated and unforeseen cash payment and delivery obligations without impairing its day-to-day operations or financial position. The activity of the UniCredit Group is subject in particular to funding liquidity risk, market liquidity risk, mismatch risk and contingency risk. The most relevant risks that the Group may face are: i) an exceptionally high usage of the committed and uncommitted lines granted to corporate customers; ii) an unusual withdrawal of sight deposits by UniCredit's retail and corporate customers; iii) the decline in the market value of the securities in which UniCredit invests its liquidity buffer; and iv) the capacity*

*to roll over the expiring wholesale funding and the potential cash or collateral outflows the Group may suffer in case of rating downgrades of both the banks or the sovereign debt in the geographies in which it operates. In addition to this, some risks may arise from the limitations applied to the cross-border lending among banks. Due to the financial market crisis, followed also by the reduced liquidity available to operators in the sector, the ECB has implemented important interventions in monetary policy, such as the "Targeted Longer-Term Refinancing Operation" (TLTRO) introduced in 2014 and the TLTRO II introduced in 2016.*

*It is not possible to predict the extension of the duration and the amounts with which these liquidity support operations can be repeated in the future, with the result that it is not possible to exclude a reduction or even the cancellation of this support. This would result in the need for banks to seek alternative sources of borrowing, without ruling out the difficulties of obtaining such alternative funding as well as the risk that the related costs could be higher. Such a situation could therefore adversely affect UniCredit's business, operating results and the economic and financial position of UniCredit and/or the Group.*

Funding liquidity risk refers to the risk that the Issuer may not be able to meet its payment obligations, including financing commitments, when these become due. In light of this, the availability of the liquidity needed to carry out the Group's various activities and the ability to fund long-term loans are essential for the Group to be able to meet its anticipated and unforeseen cash payment and delivery obligations, so as not to impair its day-to-day operations or financial position.

In order to assess the liquidity profile of the UniCredit Group, the following principal indicators are also used:

- the short-term indicator Liquidity Coverage Ratio (LCR), which expresses the ratio between the amount of available assets readily monetizable (cash and the readily liquidable securities held by UniCredit) and the net cash imbalance accumulated over a 30-day stress period; the indicator is subject to a minimum regulatory requirement of 100 per cent.; and
- the 12-month structural liquidity indicator Net Stable Funding Ratio (NSFR), which corresponds to the ratio between the available amount of stable funding and the required amount of stable funding.

As of June 2022, the LCR of the Group was equal to 171 per cent., whereas at 31 December 2021 was equal to 182 per cent. (calculated as the average of the 12 latest end of month ratios). As of June 2022, the NSFR was above the internal limit of 102 per cent., as at 31 December 2021, set in the risk appetite framework.

The Group's access to liquidity could be damaged by the inability of the Issuer and/or the Group companies to access the debt market, including also the forms of borrowing from retail customers, thus compromising the compliance with prospective regulatory requirements, with consequent negative effects on the operating results and capital and/or financial position of the Issuer and/or of the Group.

As regards market liquidity, the effects of the highly liquid nature of the assets held are considered as a cash reserve. Sudden changes in market conditions (interest rates and creditworthiness in particular) can have significant effects on the time to sell, including for high-quality assets, typically represented by government securities. The "dimensional scale" factor plays an important role for the Group, insofar as it is plausible that significant liquidity deficits, and the consequent need to liquidate high-quality assets in large volumes, may change market conditions. In addition to this, the consequences of a possible decline of the price of the securities held and of a change in the criteria applied by the counterparties in repos operations could make it difficult to ensure that the securities can be easily liquidated under favorable economic terms.

In addition to risks closely connected to funding risk and market liquidity risk, a risk that could impact the day-to-day liquidity management is the differences in the amounts or maturities of incoming and outgoing cash flows (mismatch risk) and the risk that (potentially unexpected) future requirements (i.e. use of credit lines, withdrawal of deposits, increase in guarantees offered as collateral) may use a greater amount of liquidity than that considered necessary for day-to-day activities (contingency risk).

The slowdown in economic activity caused by lockdowns across Europe and the measures the Governments have taken to face the effects of the current health and economic emergency impacted the Group operations in the different countries of its perimeter. The business continuity management plans were activated in order to ensure the regular execution of Treasury activities and the proper information flows to the senior management and the Supervisors. Despite the overall liquidity situation of the Group is safe and under constant control, some risks may materialize in the coming months, depending on the possibility that new lockdown measures might be taken and expected economic recovery.

An important mitigating factor to these risks are the contingency management policies in place in the Group system of rules and the measures announced by the ECB, which have granted a higher flexibility in the management of the current liquidity situation by leveraging on the available liquidity buffers.

As of 31 December 2021, the total debt of the UniCredit Group with the ECB through TLTRO III was Euro 106.8 billion, with a timetable of maturities scheduled for June 2023 and June 2022. In relation to the second one, in March 2022, the bank decided to set the repayment date to the original maturity of March 2024. As of 31 December 2021 UniCredit Group had other minor refinancing operation in place other than TLTRO III in the subsidiaries in Eastern Europe.

Please find below the details of the TLTRO III participations of the Group with ECB:

### **TLTRO III**

<b>Effect from</b>	<b>Maturity</b>	<b>Amounts (Euro – billion)</b>
24 June 2020	28 June 2023	94.2
24 March 2021	27 March 2024	12.6
<b>Total</b>		<b>106.8</b>

- In the subsection “*Risks related to the business activities and industry of the Issuer and of the Group*”, the Risk Factor headed “*Risk related to the property market trends*”, on pages 32-33 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

#### *“1.2.2 Risk related to the property market trends*”

*The UniCredit Group is exposed to risks relating to the property market as a result of its significant property portfolio (both in Italy and abroad), as well as due to loans granted to companies operating in the commercial real estate market, whose cash flow is generated mainly by the rental or sale of commercial properties, and loans to individuals secured by real property. A downturn in property prices, also in light of the COVID-19 pandemic or in the case that the Russian-Ukrainian crisis continues, may cause the UniCredit Group to have to recognize reduction in the value of the property owned where book value is higher than market value, with possible material adverse effects on UniCredit’s business, capital and results of operations.*

*Furthermore, the UniCredit Group has outstanding a significant amount of loans to individuals secured by residential property. Should property prices, which represents most of the collateral securing UniCredit's loans, fall, the value of the collateral securing such loans would decline.*

In this regard, starting from 31 December 2019 financial statements, the Group has decided to change the evaluation criterion of the Group's real estate portfolio, in particular for the properties used in business (ruled by IAS16 "Property, plant and equipment") providing for the transition from the cost model to the revaluation model for the measurement subsequent to initial recognition while for the properties held for investment (ruled by IAS40 "Investment property") providing for the transition from the cost model to the fair value model.

The Group has considered that the possibility of measuring real estate assets at current values (and no longer at cost) allows, in line with the provisions of IAS8 concerning changes in accounting principles, to provide reliable and more relevant information on the effects of business management as well as the Group's financial position and economic result.

As at 30 June 2022, fair value of both properties held for investment and properties used in business was re-determined through external appraisals relating to 100 per cent. of the properties held by the Group (full or desktop appraisals, according to the Group policy, also depending on the significance of properties, the real estate assets type, if held for investment or used in business, and/or the elapsed time since the last full external appraisal).

For the first half of 2022, a positive effect for €77 million gross of tax effect has been recognised, as detailed below:

- for real estate assets used in business (booked in item "90. Property, plant and equipment"), the recognition of an increase in the specific valuation reserve for an amount of €60 million. In addition to this increase, gains for +€11 million were recognised in the income statement; and
- for real estate assets held for investment (booked in item "90. Property, plant and equipment"), the recognition of an income statement result positive for €6 million.

Furthermore, the UniCredit Group has outstanding a significant amount of loans to individuals secured by residential property. Should property prices, which represents most of the collateral securing UniCredit's loans, fall, the value of the collateral securing such loans would decline."

- In the subsection "*Risks related to the business activities and industry of the Issuer and of the Group*", the Risk Factor headed "*Risks connected with legal proceedings*", on pages 37-38 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

*"1.2.7 Risks connected with legal proceedings*

*1.2.7.1 Risks connected with legal proceedings in progress*

*As at 5 August 2022, UniCredit S.p.A. and other UniCredit Group companies are named as defendants in several legal proceedings. In particular, as at 30 June 2022, UniCredit and other UniCredit Group companies were named as defendants in 60,779 legal proceedings of which 8,189 involving UniCredit (excluding labour law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies). Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the UniCredit Group may not lawfully know about or communicate.*

*Risk arising from legal pending proceedings consists in the possibility for UniCredit to bear claims for damages in case of unfavourable outcome of such proceedings.*

In many of these cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of possible losses. These cases include criminal proceedings, administrative proceedings brought by supervisory or prosecution authorities and/or claims in which the claimed damages and/or potential liabilities of the Group is not and cannot be determined, either because of how the claims is presented and/or because of the nature of the legal proceeding. In such cases, until the time when it will be possible to estimate reliably the potential outcome, no provisions are made. Instead, where it is possible to estimate reliably the amount of possible losses and loss is considered likely, provisions have been made in the financial statements to the extent the parent company UniCredit S.p.A., or any of the Group companies involved, deemed appropriate based on the circumstances and in accordance with IAS.

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as of 30 June 2022, the UniCredit Group set aside a provision for risks and charges of Euro 575.8 million, of which Euro 294.7 million for the parent company UniCredit S.p.A. As of 30 June 2022, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 8.1 billion, of which approximately Euro 5.1 billion for the proceedings involving the parent company UniCredit S.p.A.. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit Group companies are named as defendants.

It is also necessary for the Group to comply in the most appropriate way with the various legal and regulatory requirements in relation to the different aspects of the activity such as the rules on the subject of conflict of interest, ethical questions, anti-money laundering, EU, US and international sanctions, customers' assets, rules governing competition, privacy and security of information and other regulations.

For further information in relation to the single legal and arbitration proceedings please see Section headed “*Legal and arbitration proceedings*” in the “*Description of UniCredit and the UniCredit Group*” of this Base Prospectus.”

- In the subsection “*Risks connected with the legal and regulatory framework*”, the Risk Factor headed “*Basel III and Bank Capital Adequacy*”, on pages 38-41 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

#### *“1.3.1 Basel III and Bank Capital Adequacy*

*The Issuer shall comply with the revised global regulatory standards (**Basel III**) on bank capital adequacy and liquidity, which impose requirements for, inter alia, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. In terms of banking prudential regulations, the Issuer is also subject to the Bank Recovery and Resolution Directive 2014/59/EU of 15 May 2014 (**BRRD**), implemented in Italy with the Legislative Decree. 180 and 181 of 16 November 2015 as amended by Directive (EU) 2019/879 (**BRRD II**) (implemented in Italy by Legislative Decree No. 193 of 8 November 2021), as well as the relevant technical standards and guidelines from EU regulatory bodies (i.e. the European Banking Authority (**EBA**)), which, inter alia, provide for recovery and resolution mechanisms and Minimum Requirement for Own Funds and Eligible Liabilities (**MREL**) for credit institutions.*

*Should UniCredit not be able to meet the capital/MREL requirements imposed by the applicable laws and regulations, it may be required to maintain higher levels of capital/eligible liabilities which could potentially impact its credit ratings, and funding conditions and which could limit UniCredit's growth opportunities.*

Having regard to the assessments made in relation to the probability of the occurrence of such risk and the extent of any negative impact, the Issuer evaluates that the materiality of such risk shall be medium-high.

The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) and the Regulation 2013/575/EU (the **CRR**, together with the CRD IV Directive, the **CRD IV Package**) subsequently updated in the Regulation No. 876/2019 and Directive (EU) No. 2019/878 (the **Banking Reform Package** with CRR II and CRD V). In addition to the capital requirements under CRD IV, the BRRD introduces requirements for banks to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities (the **Minimum Requirement for Own Funds and Eligible Liabilities, MREL**). The Issuer has to meet MREL requirements on a consolidated basis, as well as the total loss absorbing capacity requirement for globally systemically important institutions (TLAC), as established by the CRR II. The MREL and TLAC requirements involve similar risks. They constrain the structure of liabilities and require the use of subordinated debt, which have an impact on cost and potentially on the Issuer's financing capacity.

From 1 January 2022, the Issuer shall comply, on a consolidated basis, with an intermediate MREL equal to the 20.73 per cent. of Risk Weighted Assets (**RWA**) - plus the applicable Combined Buffer Requirement (**CBR**) - and 5.90 per cent of leverage ratio exposures (**LRE**). Similarly, the Issuer has to comply with a subordinated MREL, i.e. to be met with subordinated instruments, equal to 11.79 per cent. RWA - plus the applicable CBR - and 5.68 per cent. LRE. From 1 January 2024, the consolidated MREL will become "fully loaded" and will be equal to 21.83 per cent. of RWA - plus the applicable CBR - and 5.90<sup>8</sup> per cent. of LRE. The fully loaded MREL subordinated component will be equal to 15.53 per cent. of RWA plus applicable CBR and 5.77<sup>8</sup> per cent. of LRE. Moreover, the Issuer shall comply with a TLAC requirement from 1 January 2022 equal to the maximum between 18 per cent. of RWA – plus the applicable CBR – and 6.75 per cent. of Total Exposure Measure. For more information on the capital adequacy legislation applicable to the Issuer, please see Section headed "*Information about the Issuer*", paragraph 1.1.4 (*The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer*) of this Base Prospectus.

Article 513 of the CRR requires the European Commission to complete a review of the macroprudential provisions in the CRR and CRD by June 2022 and, if appropriate, to submit a legislative proposal to the European Parliament and to the Council by December 2022. As at 5 August 2022, no specific change of the regulatory reclassification of capital instruments is currently deemed reasonably foreseeable.

In December 2017, the Basel Committee on Banking Supervision (**BCBS**) concluded the review process of the models (for credit risk, counterparty risk, operational risk and market risk, the latter in January 2019) for the calculation of minimum capital requirements, including constraints on the use of internal models and introducing the so-called "output floor" (setting a minimum level of capital requirements calculated on the basis of internal models equal, when fully implemented, to 72.5 per cent. of those calculated on the basis of the standardised methods). The main purpose is to enhance consistency and comparability among banks.

In October 2021, the European Commission published the Banking Package, by way of a regulation (**CRR3**), implementing the final Basel standards into the EU legislation with new rules for the calculation of risk weighted assets for credit, operational, Credit Valuation Adjustment (**CVA**) and market risks as well as the introduction of the output floor. Going beyond Basel by way of a Directive (**CRD6**), the Commission also made some proposals on Environmental Social and Governance (**ESG**)

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<sup>8</sup> LRE requirement defined and communicated by SRB in line with "SRB approach to CRR discretion on leverage and MREL calibration" published on 22 December 2021 and 7 March 2022.

Risks, Fit & Proper and Third-Country Branches. While the legislative iter is on-going, once an agreement is reached on the final text among the various stakeholders involved in the process (European Commission, European Parliament and EU Council) and once implemented in the Union, these regulatory changes will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements.

### Capital Adequacy requirements

The ECB is required under the Council Regulation (EU) No. 1024/2013 (the SSM Regulation establishing the Single Supervisory Mechanism (SSM)) to carry out a Supervisory Review and Evaluation Process (SREP) at least on an annual basis. The key purpose of the SREP is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system.

In February 2022, UniCredit has been informed by the ECB of its final decision concerning capital requirements following the results of its annual SREP. With its decision the Single Supervisor left unchanged, compared to the SREP decision of 2019<sup>9</sup>, the Pillar 2 capital requirement at 175 basis points (to be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum). As a consequence, UniCredit is required to meet the following overall capital requirements on a consolidated basis as of June 2022<sup>10</sup> :

- Common Equity Tier 1 ratio: 9.04 per cent.;
- Tier 1 ratio: 10.87 per cent.; and
- Total Capital ratio: 13.30 per cent.

Furthermore, the SREP 2021 letter includes qualitative measures regarding the management of non-performing loans. Following the ECB's request to banks in countries with relatively high levels of non-performing loans, the Issuer has been requested to:

- i. provide the ECB, by 31 March 2022, with an update of the three-year strategic and operational plan for the management of NPEs, including clear quantitative targets aimed at reducing the high level of NPEs;
- ii. provide the ECB, by 31 August 2022 and based on data as at 30 June 2022, with information on the status of implementation of the strategic and operational plan for the management of NPEs; and

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<sup>9</sup> In light of the COVID-19 situation, in 2020 the ECB did not issue a formal SREP decision: on 12 May 2020, ECB Banking Supervision announced it had adjusted its SREP approach for 2020 in light of the COVID-19 pandemic. The EBA also published on 23 July Guidelines for competent authorities for the special procedure for the SREP 2020, identifying how flexibility and pragmatism could be exercised in relation to the SREP framework in the context of the pandemic. The 2020 SREP cycle focused on the ability of the supervised entities to handle the challenges of the COVID-19 crisis and its impact on their current and prospective risk profile.

The ECB in fact announced that only in exceptional cases it would have updated the banks' current requirements and that it would not issue SREP decisions for the 2020 SREP cycle. The 2019 SREP decisions therefore would not be superseded or amended and would remain in force (as amended by the March 2020 ECB Decisions changing the P2R compositions). An operational letter from the ECB on 24 November 2020 confirmed this approach for UniCredit and the ECB did not make a formal 2020 SREP decision.

After adjusting its SREP approach for 2020, the ECB Banking Supervision returned to its regular SREP methodology for 2021.

<sup>10</sup> Based on the Countercyclical Capital Buffer equal to the March 2021 value, the requirements were: Common Equity Tier 1 ratio 9.03 per cent.; Tier 1 ratio: 10.86 per cent.; and Total Capital ratio: 13.30 per cent.. These requirements remained applicable until 31 March 2022. The Countercyclical Capital Buffer (CCyB) depends on the credit exposures of UniCredit to countries where countercyclical capital ratios have been or will be set and on the respective requirements set by the relevant national authorities and therefore may vary on a quarterly basis over the reporting period.

- iii. provide the ECB, by 28 February 2023 and based on data as at 31 December 2022, with information on the status of implementation of the strategic and operational plan for the management of NPEs.

The Pillar 2 requirement (**P2R**) shall be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum. UniCredit is allowed to partially use Additional Tier 1 or Tier 2 instruments in order to comply with the P2R instead of Common Equity Tier 1 (**CET1**) capital, in line with the latest revision of the Capital Requirements Directive (**CRD V**).

As of 30 June 2022, the consolidated CET1 Capital, Tier 1 and Total Capital Transitional ratios were equal to, respectively, 16.39 per cent., 18.31 per cent. and 21.09 per cent.. Therefore, CET1 Transitional ratio was exceeding the relevant requirement by 735 bps (so called MDA buffer).

From 30 June 2020 the Group has adopted the so-called transitional phase-in regarding the application of the IFRS9 accounting principle. As of 30 June 2022, the CET1 ratio Fully Loaded, i.e. calculated without considering the benefit arising from IFRS 9 Transitional arrangements, was equal to 15.73 per cent. exceeding by 669 bps CET1 ratio requirements.

As of 30 June 2022, the Transitional Leverage Ratio was 5.55 per cent.

In the first months of 2022, UniCredit participated to the ECB stress test on “Climate Risk” launched on 27 January 2022. Such test represented a learning exercise for banks and supervisors alike, aiming to identify vulnerabilities, best practices and challenges that the banks face when managing climate-related risk. Importantly, this exercise will have no direct implications for banks’ capital levels: the outcome will feed into the Supervisory Review and Evaluation Process from a qualitative point of view only, meaning that this stress test may indirectly impact Pillar 2 requirements through the SREP scores but will not directly impact capital through Pillar 2 guidance (**P2G**). Aggregate results (no individual results) have been published by the ECB in July 2022.

UniCredit was also subject to the 2021 EU-wide stress test conducted by the EBA, in cooperation with the SSM, the ECB and the European Systemic Risk Board (**ESRB**). The 2021 EU-wide stress test did not contain a pass/fail threshold as it is instead designed to be used as an important source of information for the purposes of the SREP. The results assist Competent Authorities in assessing UniCredit's ability to meet applicable prudential requirements under stressed scenarios. The results for the single banks were published on 30 July 2021 and the outcome has been considered in the SREP 2021. UniCredit's results are summarized below:

- Baseline scenario:
  - 2023 fully loaded CET1 ratio at 15.66 per cent. corresponding to 52 bps higher than fully loaded CET1 ratio as of December 2020; and
  - 2023 transitional CET1 ratio at 15.80 per cent. corresponding to 16 bps lower than transitional CET1 ratio as of December 2020
- Adverse scenario:
  - 2023 fully loaded CET1 ratio at 9.22 per cent. corresponding to 592 bps lower than fully loaded CET1 ratio as of December 2020; and
  - 2023 transitional CET1 ratio at 9.59 per cent., corresponding to 637 bps lower than transitional CET1 ratio as of December 2020.

Furthermore, during the fourth quarter of 2021, EBA performed the annual EU-wide transparency exercise to provide updated information as of September 2020, December 2020, March 2021 and June

2021 on banks' exposures and asset quality to financial operators; EBA published the results on 3 December 2021.

On 25 May 2022, the EBA announced the timeline for the 2022 EU-wide transparency exercise, which will be launched in September and expects to release the information on banks' exposures and asset quality at the beginning of December. The exercise will cover the figures from the second half of 2021 and the first half of 2022. Unicredit was notified its involvement in the 2022 EU-wide transparency exercise on 21 July 2022.

UniCredit, on 9 December 2021, presenting its 2022-2024 Strategic Plan "UniCredit Unlocked", announced the aim to ensure a materially increased and growing remuneration in favour of the Shareholders over the course of the Plan, also by means of programmes for the purchase of ordinary shares of UniCredit.

As part of the activities envisaged in this announcement, the Shareholders Meeting called on 8 April 2022, for the financial year ended on 31 December 2021, substantially in line with "UniCredit Unlocked", has approved a distribution of approximately Euro 3.75 billion, composed of:

- a cash dividend Euro 0.5380 for each share outstanding and entitled to dividend at payment date, for a maximum amount of Euro 1.170 billion from the allocation of profit for the year 2021, corresponding to approximately 30 per cent. of the so-called "underlying consolidated net profit" (i.e. Net Profit adjusted for non-operating items); and
- purchases of UniCredit ordinary shares corresponding to a maximum total expenditure up to ca. Euro 2.580 billion and, in any case, not exceeding no. 215 million of UniCredit ordinary shares equal to 9.87 per cent. of the share capital of UniCredit at 9 March 2022, to be carried out, in one or more transactions, within the earliest of: (i) the date which will fall after 18 (eighteen) months from the date of the authorisation of the Shareholders' Meeting; and (ii) the date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2022, respectively pursuant to Article 2357 of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 (**Italian Consolidated Financial Act**) and the relevant implementing regulations, and Article 2357-ter of the Italian Civil Code. The ordinary shares thus purchased will be subsequently subject to cancellation.

Pursuant to the Shareholders' Meeting resolution of 8 April 2022 and the authorisation received from the ECB, UniCredit completed the "First Tranche of the Buy-Back Programme 2021", in the context of which it purchased in aggregate no. 162,185,721 shares, cancelled on 19 July 2022, for a total consideration of Euro 1,579,999,994.85.

In order to enable the prosecution of the activities and objectives envisaged by the "UniCredit Unlocked" strategic plan in terms of shareholder remuneration, UniCredit has submitted the request to the ECB for the approval of the "Second Tranche of Buy-Back Programme 2021" in an amount of euro 1 billion. The UniCredit Board of Directors met on 26 July 2022 and resolved, *inter alia*, to call an Ordinary and Extraordinary Shareholders' Meeting in Milan, in a single call, to be held on 14 September 2022 to agree resolutions on the following agenda:

- Ordinary part: authorisation to purchase treasury shares aimed at remunerating the shareholders - update and integration of the resolution of 8 April 2022. The update and integration are necessary in order to increase the maximum number of UniCredit shares covered by the aforementioned authorisation, considering the evolution of price of UniCredit's share in recent months;
- Extraordinary part: cancellation of treasury shares with no reduction of share capital; consequent amendment to clause 5 of the Articles of Association. Consequent and inherent resolutions

The purchase of treasury shares is subject to having obtained the requested authorisation from the ECB.”

- In the subsection “*Risks relating to Additional Tier 1 Notes*”, the Risk Factor headed “*If the Issuer breaches the combined buffer requirement or the Leverage Ratio buffer requirement, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*”, on pages 54-58 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“1.4.6 *If the Issuer breaches the combined buffer requirement or the Leverage Ratio buffer requirement, a Maximum Distributable Amount will apply which may restrict the Issuer from making interest payments on the Additional Tier 1 Notes in certain circumstances; Noteholders may not be able to anticipate whether or when the Issuer will cancel such interest payments*”

Under Article 141 (Restrictions on distributions) of the CRD IV Directive, EU Member States must require that institutions that fail to meet the combined buffer requirement (as described below) will be subject to restricted “discretionary payments” (which are defined broadly by CRD IV as payments relating to Common Equity Tier 1 and Additional Tier 1 instruments and variable remuneration to staff). In addition, the Banking Reform Package includes a new Article 141b in the CRD IV Directive which introduces restrictions on distributions in the case of failure to meet the Leverage Ratio buffer requirement (i.e. G-SIB buffer), thus introducing a new Leverage Ratio Maximum Distributable Amount (**L-MDA**). The BRRD II also introduces in the BRRD a new Article 16a that clarifies the stacking order between the combined buffer requirement and the MREL requirements (including the TLAC requirement). Pursuant to this new provision the resolution authority shall have the power to prohibit an entity from distributing more than the Maximum Distributable Amount for the Minimum Requirement for Own Funds and Eligible Liabilities (**MREL**) (calculated in accordance with Article 16a(4) of the BRRD, the **M-MDA**) where the combined buffer requirement is not met when considered in addition to the MREL requirement. Article 16a, envisages a potential nine month grace period whereby the resolution authority assesses on a monthly basis whether to exercise its powers under the provision, before such resolution authority is compelled to exercise its power under the provisions (subject to certain limited exceptions).

The restrictions will be scaled according to the extent of the breach of the combined buffer requirement or, as appropriate, the Leverage Ratio buffer requirement and calculated as a percentage of the profits of the institution since the last distribution of profits or “discretionary payments”. Such calculation will result in a “Maximum Distributable Amount” in each relevant period. As an example, if the available CET1 capital is within the bottom quartile of the combined buffer requirement or, as appropriate, if the available Tier 1 capital is within the bottom quartile of the Leverage Ratio buffer requirement, no “discretionary distributions” will be permitted to be paid.

As a consequence, in the event of breach of the combined buffer requirement or the Leverage Ratio buffer requirement, it may be necessary to reduce discretionary payments, including potentially cancelling (in whole or in part) interest payments in respect of the Additional Tier 1 Notes. In addition, the Issuer will have the discretion to determine how to allocate the Maximum Distributable Amount among the different types of payments contemplated in Article 141 or Article 141b of the CRD IV Directive or Article 16a of the BRRD and it may elect to allocate such amounts to “discretionary payments” other than in respect of the Additional Tier 1 Notes. Moreover, payments made earlier in the relevant period will reduce the remaining relevant Maximum Distributable Amount available for payments later in the relevant period, and the Issuer will have no obligation to preserve any portion of the relevant Maximum Distributable Amount for payments scheduled to be made later in a given period. Even if the Issuer attempts to do so, there can be no assurance that it will be successful, because the relevant Maximum Distributable Amount will depend on the amount of Net Income earned during the course of the relevant period, which will necessarily be difficult to predict.

Under CRD IV, the Issuer is required to hold a minimum amount of regulatory capital equal to 8 per cent. of risk weighted assets (the **Pillar 1 Requirement**). In addition to these so called “Own Funds” requirements under CRD IV, supervisory authorities may add extra capital requirements to cover risks they believe are not covered, or are insufficiently covered, by the minimum capital requirements under CRD IV (**Pillar 2 Requirement**). See also “*Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes issued under the Programme – Risks connected to Bank Capital Adequacy*” above.

The CRR II and the CRD V introduce, among other things, a leverage ratio requirement of 3 per cent Tier 1 Capital, a leverage ratio related maximum distributable amount for G-SIIs (as described above) and changes to the relevant regulator’s application of the Pillar 2 Requirement. The CRR II and the CRD V entered into force on 27 June 2019. The date of application of the new rules varies from the date of their entry into force and 12 months to four years after their entry into force.

According to the CRD V, the Pillar 2 Requirement must be fulfilled with at least 56.25 per cent. Common Equity Tier 1 Capital and at least 75 per cent. Tier 1 capital. Furthermore, the CRD V authorises the relevant competent authority to require that the institution fulfils its additional Own Funds requirement with a higher portion of Tier 1 Capital or Common Equity Tier 1 Capital where necessary (while having regard to the specific circumstances of the relevant institution).

The CRD V also introduces a so-called “guidance on additional own funds” requirement (the **Pillar 2 Guidance**), which sets a level and quality of capital the relevant credit institution is expected to hold in excess of its overall capital requirement. The Pillar 2 Guidance will be based on expectations of competent authorities for each institution to hold capital in excess of its capital requirements (Pillar 1 and Pillar 2) and combined buffer requirement in order to address forward-looking and remote situations. A failure to meet the Pillar 2 Guidance does not trigger automatic restrictions on distributions provided for in Article 141 and 141b of the CRD IV Directive or Article 16a of the BRRD. However, where an institution repeatedly fails to meet the Pillar 2 Guidance, the competent authority is entitled to take supervisory measures and, where appropriate, impose additional Own Funds requirements.

The provisions laid down by the CRD V as to the Pillar 2 Guidance and Pillar 2 Requirements have been recently transposed into the Italian secondary level legislation, now also providing for the regulator’s authority to require additional capital in the presence of excessive leverage risk (i.e. Pillar 2 Guidance Leverage Ratio). As at 5 August 2022, there is still uncertainty as to how (and if) such regulatory measures will be interpreted and implemented and the impact their implementation may have on the Group’s capital requirements.

According to EBA’s guidelines to national supervisors on common procedures and methodologies for the Supervisory Review and Evaluation Process (**SREP**) and Supervisory Stress Testing (the **SREP Guidelines**), as most recently updated on 18 March 2022, competent authorities may, on the basis of the vulnerabilities and deficiencies identified in the SREP assessment, among other things, restrict or prohibit distributions or interest payments by a credit institution to members or holders of its Additional Tier 1 Capital instruments, as provided by Article 104 (1 (i)) of the CRD IV. Accordingly, the additional Pillar 2 Requirement that may be imposed on the Issuer and/or the UniCredit Group by the ECB pursuant to the SREP will require the Issuer and/or the UniCredit Group to hold capital levels above the Pillar 1 Requirement.

Also, as part of the CRD IV transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as Tier 1 and Tier 2 Capital instruments under the framework which the CRD IV has replaced that no longer meet the minimum criteria under the CRD IV Package had been gradually phased out. Once fixed the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 80 per cent. in 2014, with this cap decreasing by 10 per cent. in each subsequent year until 2021. A further rule introduced by the CRR II, applicable in respect of liabilities issued before 27 June 2019, allows for the “grandfathering” of instruments as, respectively,

Additional Tier 1 instruments, Tier 2 instruments and eligible liabilities, even if they do not fully comply with certain requirements of the CRR II. This treatment is available until 28 June 2025 at the latest.

The Banking Reform Package clarifies the distinction between the Pillar 2 Requirement and Pillar 2 Guidance. Under the Banking Reform Package (and as described above), only the “Pillar 2 Requirement”, and not “Pillar 2 Guidance”, will be relevant in determining whether an institution meets its combined buffer requirement for the purposes of the Maximum Distributable Amount restrictions.

On 12 March 2020, the ECB, taking into account the economic effects of COVID-19, announced certain measures aimed at ensuring that banks, under its direct supervision, could still be able to provide credit support to the real economy. In such context, the ECB allowed banks to operate temporarily below the capital level defined by the Pillar 2 Guidance, the CCB and the LCR. However, on 10 February 2022, the ECB announced its intention to not allow banks to operate below the level of capital defined by the Pillar 2 Guidance beyond December 2022.

The following tables show the impact of the Pillar 2 Requirement on the required minimum CET1 Capital ratio, Tier 1 Capital ratio and Total Capital ratio, in each case on a consolidated basis, as from the dates indicated, on the level at which the Maximum Distributable Amount restrictions will take effect:

<b>Required minimum CET1 Capital ratio</b>		
	<b>As at 31 December 2021</b>	<b>As at 30 June 2022</b>
Pillar 1 CET1	4.50%	4.50%
Pillar 2 CET1 requirement	0.98%	0.98%
Combined capital buffer requirement	3.55% <sup>1</sup>	3.55% <sup>1</sup>
<b>OCR level</b>	<b>9.03%</b>	<b>9.04%</b>

<sup>1</sup> Including 0.05 per cent. of countercyclical capital buffer as at 31 December 2021 and 0.05 per cent. as at 30 June 2022 to be calculated on a quarterly basis.

<b>Required Minimum Tier 1 ratio</b>		
	<b>As at 31 December 2021</b>	<b>As at 30 June 2022</b>
Pillar 1 CET1	4.50%	4.50%
Pillar 1 Additional Tier 1 <sup>1</sup>	1.50%	1.50%
Pillar 2 Tier 1 requirement	1.31%	1.31%
Combined capital buffer requirement	3.55% <sup>2</sup>	3.55% <sup>2</sup>
<b>OCR level</b>	<b>10.86%</b>	<b>10.87%</b>

<sup>1</sup> May be comprised of Additional Tier 1 or CET1.

<sup>2</sup> Including 0.05 per cent. of countercyclical capital buffer as at 31 December 2021 and 0.05 per cent. as at 30 June 2022 to be calculated on a quarterly basis.

<b>Required Minimum Total Capital ratio</b>		
	<b>As at 31 December 2021</b>	<b>As at 30 June 2022</b>
Pillar 1 CET1	4.50%	4.50%
Pillar 1 Additional Tier 1 <sup>1</sup>	1.50%	1.50%
Pillar 1 Tier 2 <sup>2</sup>	2.00%	2.00%
Pillar 2 Total Capital requirement	1.75%	1.75%
Combined capital buffer requirement	3.55% <sup>3</sup>	3.55% <sup>3</sup>
<b>OCR level</b>	<b>13.30%</b>	<b>13.30%</b>

<sup>1</sup> May be comprised of Additional Tier 1 or CET1.

<sup>2</sup> May be comprised of Tier 2, Additional Tier 1 or CET1.

<sup>3</sup> Including 0.05 per cent. of countercyclical capital buffer as at 31 December 2021 and 0.05 per cent. as at 30 June 2022 to be calculated on a quarterly basis.

As at 31 December 2021, 31 December 2020 and 30 June 2022, the consolidated capital ratios (CET1 Capital, Tier 1 and Total Capital ratios), are set out in the table below:

<b>Capital ratios</b>	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>30 June 2022</b>
CET1 Capital ratio	15.82%	15.96%	16.39%
Tier 1 ratio	17.94%	18.22%	18.31%
Total Capital ratio	20.14%	20.72%	21.09%

The transitional leverage ratio stated stood at 5.55 per cent. in 2Q22.

UniCredit is fully compliant with its TLAC requirement which, as of 2Q22, is based on the Leverage Exposure<sup>11</sup>, with a TLAC ratio of 8.21 per cent. of Leverage Exposure and of 27.06 per cent. of RWA<sup>12</sup>, implying a Leverage Ratio based TLAC buffer of 146 bps over the 6.75 per cent in terms of Leverage Exposure and of 480 bps in terms of RWA. The buffer calculated on the RWA based TLAC requirement (21.55 per cent. as of 30 June 2022) amounts to 551 bps.

UniCredit is also fully compliant with its MREL requirements<sup>13</sup> with a 2Q22 MREL ratio of 29.53 per cent. of RWA and of 8.95 per cent. of Leverage Exposures (including 3.5 per cent. of RWA senior exemption) implying a buffer of 525 bps over the 24.28 per cent. RWA Requirement and a buffer of 305 bps over the 5.90 per cent Leverage Exposures Requirement.

Starting from 30 June 2020, CET1 Capital (and as a consequence also the CET1, the Tier 1 and the Total Capital ratios) benefits from the application of the transitional arrangements foreseen by the regulation for IFRS9 provisions adopted by the Group in the quarter. In addition, the new grandfathering framework is applicable, until 2025 and according to the CRR2 Article 494b, to the Additional Tier 1

<sup>11</sup> According to the provisions of Article 92a of the CRR2, the minimum TLAC requirement applicable is equal to the maximum between the 18% of the total risk exposure amount to which the Combined Capital Reserve applicable to the Group at the reference date (3.55% as of 30 June 2022) is added and the 6.75% of the overall leverage exposure measure.

<sup>12</sup> Including 3.5 per cent. of RWA senior exemption.

<sup>13</sup> MREL RWA requirement includes the Combined capital Buffer Requirement applicable at the date.

and Tier 2 instruments issued before 27 June 2019 that do not fully comply with the CRR2 Articles 52 and 63.

If at any time the Issuer is unable to maintain its total Own Funds at the level necessary to meet its combined buffer requirement or, as appropriate, its Leverage Ratio buffer requirement, a Maximum Distributable Amount restriction would be applicable and the Issuer may be required to cancel interest payments on the Additional Tier 1 Notes. The Issuer's Own Funds requirements, including the Pillar 1 Requirement and the Pillar 2 Requirement, TLAC, MREL, the combined buffer requirement and the Leverage Ratio buffer requirement, are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Investors in the Additional Tier 1 Notes may not be able to assess or predict accurately the proximity of the risk of discretionary payments on the Additional Tier 1 Notes being prohibited from time to time as a result of the operation of Article 141 or Article 141b of the CRD IV Directive or Article 16a of the BRRD and, if relevant, in other similar payment restriction provision(s) under the Relevant Regulations. There can be no assurance that any of the Own Funds and MREL requirements, the combined buffer requirement or the Leverage Ratio buffer requirement applicable to the Issuer and/or the Group will not be amended in the future to include new and more onerous requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Additional Tier 1 Notes.

There can be no assurance that the Own Funds and MREL requirements, the combined buffer requirement or the Leverage Ratio buffer requirement applicable to the Issuer and/or the Group from time to time may not be higher than the levels of Own Funds and/or eligible liabilities, as applicable, available to the Issuer and/or the Group at such point in time. Also, there can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any higher Pillar 2 Requirement on the Issuer and/or the UniCredit Group. In addition, the measures put in place by the ECB to address concerns relating to the economic effects of COVID-19 are temporary in nature and are expected to expire (most of them by 2022).

These issues and other possible issues of interpretation make it difficult to determine how the Maximum Distributable Amount will apply as a practical matter to limit interest payments on the Additional Tier 1 Notes, the reinstatement of the Prevailing Principal Amount of the Additional Tier 1 Notes following a Write-Down, and the ability of the Issuer to redeem and purchase the Additional Tier 1 Notes. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Additional Tier 1 Notes.

In addition to the above, under Article 133 of CRD V, European Member States may introduce a systemic risk buffer of Common Equity Tier 1 capital in order to prevent and mitigate macroprudential or systemic risk not covered by CRR II, the countercyclical capital buffer, the G-SII buffer or the O-SII buffer. Pursuant to the new provisions, the Competent Authority has the power to set one or more systemic risk buffer rates applicable to one or a combination of the exposures of the kind referred to in Article 133(5) of CRD V.

In addition, Article 133 includes a new paragraph which introduces restrictions on distributions in the case of failure to meet the systemic risk buffer rates imposed by the Competent Authority. As a consequence, in the event of the breach of the systemic risk buffer rates, it may be necessary to reduce discretionary payments, including potentially cancelling (in whole or in part) interest payments in respect of Additional Tier 1 Notes.”

### ***Responsibility Statement, Third Party Information and Experts' Reports***

The “*Responsibility Statement, Third Party Information and Experts' Reports*” section of the Base Prospectus is amended as follows:

- The paragraph titled “*Experts' reports*” in the “*Responsibility Statement, Third Party Information and Experts' Reports*” section on page 82 of the Base Prospectus is deleted in its entirety and replaced as follows:

#### ***“Experts' reports***

No statement or report attributed to a person as an expert is included in this Base Prospectus, except for the reports of the external auditors of the Issuer who have audited the consolidated financial statements of the UniCredit Group and the financial statements of the Issuer as at 31 December 2021 and 31 December 2020 and who have carried out the review of the condensed interim consolidated financial statements of the UniCredit Group as at 30 June 2022 and 30 June 2021.

For further information please see the section headed “*External Auditors*” in the “*General Information*” section of this Base Prospectus.”

## ***Documents Incorporated by Reference***

### ***Unaudited condensed interim consolidated financial statements (including review reports) of UniCredit in respect of the six months ended 30 June 2022 and 30 June 2021***

On 26 July 2022, the UniCredit Board of Directors approved the unaudited condensed interim consolidated financial statements of UniCredit in respect of the six months ended 30 June 2022 (the **Consolidated First Half Financial Report as at 30 June 2022**) on which the external auditor issued a review report dated 4 August 2022 (the **Review Report**) and which have been published on 5 August 2022 and are available at <https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/financial-reports/2022/2Q22/Consolidated-First-Half-Financial-Report-as-at-30-June-2022.pdf>.

For comparative purposes, the Issuer wishes also to incorporate by reference the unaudited condensed interim consolidated financial statements of UniCredit in respect of the six months ended 30 June 2021 (the **Consolidated First Half Financial Report as at 30 June 2021**) on which the external auditors issued a review report dated 5 August 2021 (the **Review Report**) and which were published on 6 August 2021 and are available at <https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/financial-reports/2021/2Q21/Consolidated-First-Half-Financial-Report-as-at-30-June-2021.pdf>.

The Consolidated First Half Financial Report as at 30 June 2021 has been subject to review by Deloitte & Touche S.p.A., UniCredit Group's external auditor for the 2013-2021 nine-year period. The Consolidated First Half Financial Report as at 30 June 2022 has been subject to review by KPMG S.p.A., UniCredit Group's external auditor for the 2022-2030 nine-year period.

A copy of each of the Consolidated First Half Financial Report as at 30 June 2022 and the Consolidated First Half Financial Report as at 30 June 2021 has been filed with the *Commission de Surveillance du Secteur Financier (CSSF)*. Copies of this Supplement and all the sections identified in the table below incorporated by reference in the Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agents for the time being in London as described on page 304 of the Base Prospectus. Copies of this Supplement and all the sections identified in the table below incorporated by reference in the Base Prospectus will also be published on the website of UniCredit ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), as well as on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

By virtue of this Supplement, the sections of the Consolidated First Half Financial Report as at 30 June 2021 and the Consolidated First Half Financial Report as at 30 June 2022 identified in the table below are incorporated by reference in, and form part of, Section "*Documents incorporated by reference*" on page 89 of the Base Prospectus. Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
Consolidated First Half Financial Report as at 30 June 2021	Consolidated Balance Sheet	63
	Consolidated Income Statement	64
	Consolidated Statement of Comprehensive Income	65

<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
	Statement of Changes in the Consolidated Shareholders' Equity	66-67
	Consolidated Cash Flow Statement	68-69
	Explanatory Notes	71-231
	Certification	233
	Report of External Auditors	235-236
	Annexes	239-243
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<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
Consolidated First Half Financial Report as at 30 June 2022	Consolidated Balance Sheet	59-60
	Consolidated Income Statement	61
	Consolidated Statement of Comprehensive Income	62
	Statement of Changes in the Consolidated Shareholders' Equity	63-64
	Consolidated Cash Flow Statement	65-66
	Explanatory Notes	69-235
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<b>Documents</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
	Annexes	243-247
	Other Information – Subsequent Events	56

### *Use of Proceeds*

The “*Use of Proceeds*” section of the Base Prospectus, on page 226 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“The net proceeds from each issue of Notes will be applied by the Issuer, as indicated in the applicable Final Terms or in the applicable Pricing Supplement relating to the relevant Tranche of Notes, either:

- a. for its general corporate purposes, which include making a profit; or
- b. as otherwise indicated in the relevant Final Terms or in the applicable Pricing Supplement relating to the issuance, including, without limitation, to be applied towards Eligible Projects/Green Projects (**Green Bonds**), Eligible Projects/Social Projects (**Social Bonds**) or a financing or re-financing of any combination of each of the Eligible Projects/Green Projects or Eligible Projects/Social Projects (**Sustainability Bonds**).

In accordance with the ICMA Green Bond Principles, the ICMA Social Bond Principles and the ICMA Sustainability Bond Guidelines, only Notes financing or refinancing Eligible Projects/Green Projects or Eligible Projects/Social Projects, as the case may be, and complying with the relevant eligibility criteria and any other criteria set out in the Issuer’s Sustainability Bond Framework (as defined below) and which, prior to the relevant Issue Date, will be available in the investor relations section of the Issuer’s website at <https://www.unicreditgroup.eu> (the **Issuer’s Sustainability Bond Framework**) will be classified as Green Bonds, Social Bonds or, as the case may be, Sustainability Bonds.

For the purposes of this section:

**Eligible Projects/Green Projects** means projects identified as such in the Issuer’s Sustainability Bond Framework.

**Eligible Projects/Social Projects** means projects identified as such in the Issuer’s Sustainability Bond Framework.

For the avoidance of doubt, the Issuer’s Sustainability Bond Framework is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus.”

## ***Description of UniCredit and the UniCredit Group***

The “*Description of UniCredit and the UniCredit Group*” section of the Base Prospectus is amended as follows:

- The following sub-paragraphs are inserted at the end of the paragraph titled “*Recent Developments*” in the “*History and Development of the Issuer*” section on pages 228-230 of the Base Prospectus:

### **“Recent Developments**

- On 26 July 2022, UniCredit Board of Directors met and resolved, *inter alia*, on the following “Call for the ordinary and extraordinary general meeting”. Following the UniCredit submission of the request to the ECB for the approval of the "Second Tranche of Buy-Back Programme 2021" in an amount of euro 1 billion, the Board of Directors has decided, among other things, to call an Ordinary and Extraordinary Shareholders' Meeting in Milan, in a single call, to be held on 14 September 2022 to agree resolutions on the following agenda:

#### Ordinary part

Authorisation to purchase treasury shares aimed at remunerating the shareholders - update and integration of the resolution of 8 April 2022. Consequent and inherent resolutions

#### Extraordinary part

Cancellation of treasury shares with no reduction of share capital; consequent amendment to clause 5 of the Articles of Association. Consequent and inherent resolutions.

The Directors' Reports containing the reasons, the terms and conditions of the buy-back programme as well as the details of the proposal of cancellation of treasury shares and the consequent amendments to the Articles of Association are available to the public, at the Company's Registered Office, on the website of the authorized storage mechanism "eMarket STORAGE" managed by Spafid Connect S.p.A. ([www.emarketstorage.com](http://www.emarketstorage.com)), as well as on the UniCredit website.

On the same date the notice of call has been published on the UniCredit website.

- On 27 July 2022, UniCredit has signed a share purchase agreement to sell its entire shareholding to CNP Assurances, equivalent to 49% of the share capital, in CNP Vita Assicura S.p.A. (previously Aviva S.p.A.), an Italian insurance company, for a price equal to Euro 500 million. UniCredit also signed a second share purchase agreement with CNP Assurances to increase its shareholding in CNP UniCredit Vita S.p.A., from 38.8% to 45.3% of its share capital, for a price equal to Euro 70 million. CNP Assurances shall maintain in CNP UniCredit Vita S.p.A. a majority shareholding equal to 51%. and has undertaken provisions directed at maintaining the company operationally self-sufficient. The closing of the two transactions, approved by the Board of Directors of UniCredit on the 26 July 2022, is subject to the authorization of the competent authorities, and is expected to occur within year end. The decision of the Board of Directors is aligned with the strategic plan "UniCredit Unlocked" aimed at simplifying the current bancassurance set-up and at increasing strategic flexibility. As communicated in 2017, the partnership between UniCredit and CNP Assurances regarding CNP UniCredit Vita S.p.A. has a duration of seven years and, therefore, from the end of 2024 both parties shall have margins of strategic flexibility in relation to their respective shareholdings.

- On 29 July 2022, S&P has aligned UniCredit S.p.A.'s outlook to "stable" (from "positive"), in line with the Italian sovereign. The Issuer long and short-term ratings have been affirmed at "BBB/A-2".
- The sub-paragraph “*The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer*” in the “*Description of UniCredit and the UniCredit Group*” section on pages 230-244 of the Base Prospectus is amended as follows, so that the following paragraphs set out below shall replace the corresponding paragraphs currently included in the Base Prospectus and the paragraphs not set out below shall remain unchanged:

*“1.1.4 The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer*

UniCredit S.p.A. is a joint stock company established in Italy and operating under Italian law. The Registered and Head Offices of the Issuer are located in Milan, Piazza Gae Aulenti, 3 — Tower A. UniCredit's telephone number is +39 02 88 621, and UniCredit's website is [www.unicreditgroup.eu](http://www.unicreditgroup.eu). The information on the website of the Issuer does not form part of this Base Prospectus unless that information is incorporated by reference into this Base Prospectus.

UniCredit, in carrying out its activities, is subject to both the Italian provisions (e.g. to the provisions on anti-money laundering, transparency and fairness in customer relations, usury, consumer protection, labour law, safety at the workplace and privacy laws) and European provisions as well as to the supervision of various Authorities, each for their respective areas of competence. In particular, UniCredit is subject to the provisions contained in the Supervisory Regulations issued by the Bank of Italy and, as a significant bank, to the direct prudential supervision of the European Central Bank.

### **BRRD and SRMR**

With regard to the regulatory framework applicable to the Issuer, it is noted the Bank Recovery and Resolution Directive 2014/59/EU of 15 May 2014 implemented in Italy with the Legislative Decree 180 and 181 of 16 November 2015 (**BRRD**) as amended by the Directive (EU) 2019/879 (**BRRD II**) and implemented in Italy by Legislative Decree No. 193 of 8 November 2021 (published in the *Gazzetta Ufficiale* on 30 November 2021). The Issuer is also subject to the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 (**Single Resolution Mechanism Regulation** or **SRM Regulation** as amended by Regulation (EU) 2019/877 of 20 May 2019, published in the Official Journal of the European Union on 7 June 2019 (**SRMR II**) and applying from 28 December 2020) which sets out uniform rules and procedures for the resolution of credit institutions and certain investment firms under the Single Resolution Mechanism (**SRM**) and the Single Resolution Fund. The SRM and BRRD enable a range of resolution tools and powers to be used in relation to credit institutions and investment firms considered to be at risk of failing.

Such instruments and powers include the possibility of applying the "bail-in", *i.e.* the power to reduce, with the possibility of cancellation, the nominal value of shares and the write-down of receivables due from the bank with their conversion into shares. The aim of the bail-in is to absorb losses and recapitalize the failing bank in order to ensure the continuity of its critical economic functions, protecting financial stability and minimizing losses to the taxpayer, while still ensuring that no creditor suffers greater losses than if the bank had been liquidated under normal insolvency proceedings.

In the context of the bail-in, losses may be transferred, following a priority order and net of the exclusions provided for by the regulations, to shareholders, holders of subordinated debt securities, holders of senior non preferred securities, holders of not subordinated and unsecured debt securities, other unsecured creditors and, finally, depositors for the portion exceeding the guaranteed portion, *i.e.* for the portion exceeding Euro 100,000.00 per depositor.

Furthermore, if the conditions are met, the Authorities may request the use of the Single Resolution Fund referred to in the SRMR, financed by contributions paid by banks.

In the framework of the SRMR and BRRD, the centralized decision-making power for resolution is entrusted to the Single Resolution Board (**SRB**), whose powers are attributed to the latter. In addition, the SRB cooperates closely with the national resolution authorities of Member States that are parties to the Banking Union. The national resolution authorities of Member States are empowered to implement the resolution programmes adopted by the SRB. In such a context, it is worth to mention the process to review - started by the European Commission – the Crisis Management and Deposit Insurance (**CMDI**) framework. Following this revision, new and different legal and regulatory requirements may apply to the Group, in particular the activity of the European legislator is aimed at amending the BRRD, the SRMR and the Deposit Guarantee Schemes Directive (**DGSD**).

The BRRD also introduces requirements for banks to maintain at all times a sufficient aggregate amount of own funds and eligible liabilities (the Minimum Requirement for Own Funds and Eligible Liabilities, **MREL**). From 1 January 2022, the Issuer has to comply on a consolidated basis with a first binding intermediate target for MREL (including a subordinated component *i.e.* to be met with subordinated instruments) received from the Single Resolution Board and the Bank of Italy. From 1 January 2024, the consolidated MREL will become "fully loaded". The Issuer also has to comply with the standard on total loss absorbing capacity (**TLAC**).

### **CRR and CRD**

The Issuer shall comply with the revised global regulatory standards (Basel III) on bank capital adequacy and liquidity. The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) and the Regulation 2013/575/EU (the **CRR**, together with the CRD IV Directive, the **CRD IV Package**) subsequently updated in the Regulation No. 876/2019 and Directive (EU) No. 2019/878 (the Banking Reform Package with CRR II and CRD V). According to Article 92 of the CRR, institutions shall at all times satisfy the following Own Funds requirements: (i) a CET1 Capital ratio of 4.5 per cent.; (ii) a Tier 1 Capital ratio of 6 per cent.; (iii) a Total Capital ratio of 8 per cent. and (iv) a Leverage Ratio of 3 per cent. According to Articles from 129 to 134 of the CRD, these minimum ratios are complemented by the following capital buffers to be met with CET1 Capital: (a) Capital conservation buffer, institution-specific countercyclical capital buffer, capital buffers for globally systemically important institutions (**G-SIIs**); (b) capital buffers for other systemically important institutions (**O-SIIs**), Systemic risk buffer; and (c) a systemic risk buffer (**SyRB**) each Member State may introduce in order to prevent and mitigate long term non-cyclical systemic or macro-prudential risks not covered by the other capital requirements set out in the CRD V Directive (as defined below).

In October 2013, the Council of the European Union adopted regulations establishing the single supervisory mechanism (the **Single Supervisory Mechanism** or **SSM**) for all banks in the Euro area, which have, beginning in November 2014, given the ECB, in conjunction with the national competent authorities of the eurozone States, direct supervisory responsibility

over "significant banks" in the Banking Union as well as their subsidiaries in a participating non-euro area Member State. The ECB has fully assumed its new supervisory responsibilities of UniCredit and the UniCredit Group.

On 7 June 2019, the legal acts "Risk Reduction Measures Package" regarding the banking sector have been published on the EU Official Journal. Such measures include, together with the amendments to the BRRD and to SRMR, (i) the Regulation (EU) 2019/876 of the European Parliament and of the Council (**CRR II**) amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and (ii) the Directive (EU) 2019/878 of the European Parliament and of the Council (**CRD V Directive**) amending the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures. The revisions better align the current regulatory framework to international developments in order to promote consistency and comparability among jurisdictions.

Such measures entered into force on 27 June 2019, while a) the CRR II is applicable from 28 June 2021, excluding some provisions with a different date of application (early or subsequent), b) the CRD V Directive was to be implemented into national law by 28 December 2020 excluding some provisions which will be applicable subsequently. CRD V Directive has been implemented in Italy by the Legislative Decree No. 182/2021. Directive 2019/879 (**BRRD II**) has been implemented in Italy by the Legislative Decree No. 193/2021, which provides for, among other measures:

- the determination of a minimum unit value for bonds and debt securities (Article 12-ter of the Italian Banking Act) issued by credit institutions and investment firms:
  1. Euro 200,000 for subordinated bonds and other subordinated securities;
  2. Euro 150,000 for Senior Non Preferred debt instruments ("*strumenti di debito chirografario di secondo livello*");
- the nullity of contracts entered into with non-professional investors relating to investment services having as their object the instruments referred to in Article 12-ter of the Italian Banking Act issued after 1 December 2021 (or equivalent instruments when issued by subjects having their registered office in a third country, under certain conditions) that do not respect the minimum unit value (Article 25-*quater* of the Financial Services Act);
- the elimination of the ban on the placement of Senior Non-Preferred debt instruments with non-qualified investors (Article 5 of Legislative Decree No. 193/2021), subject to the abovementioned provisions.

Moreover, it is worth mentioning that the Basel Committee on Banking Supervision (**BCBS**) concluded the review process of the models (for credit risk, counterparty risk, operational risk and market risk) for the calculation of minimum capital requirements, including constraints on the use of internal models and introducing the so-called "output floor" (setting a minimum level of capital requirements calculated on the basis of internal models equal, when fully implemented, to 72.5% of those calculated on the basis of the standardised methods). The main purpose is to enhance consistency and comparability among banks. The new framework was finalised for market risk in 2016 and finally revised in January 2019. The new framework for credit risk and operational risk was completed in December 2017.

Prior to becoming binding on the European banking system, the European Commission, which conducted a public consultation (closed on 5 January 2020), assessed the potential impacts on the European economy. The analysis carried out by the EBA, published in December 2019 upon request of the European Commission, shows that the adoption of the new Basel III criteria would require banks to increase minimum capital requirements (**MCR**) by 23.6%, resulting in a capital deficit of Euro 124 billion. In August 2020 the Commission required the EBA to update its assessment in the light of COVID-19, which was published in December 2020. It shows an increase of MCR of 18.5% and a capital deficit of over Euro 52 billion (the December 2019 outcome for a comparable sample would have been respectively 24.1% and Euro 109.5 billion).

The legislative proposal (**CRR III/CRD VI**), which incorporates these new standards into EU legislation as well as foresees some new provisions in relations to Environmental, Social and Governance (**ESG**) Risks has been published by the European Commission on 27 October 2021. Once agreed on the final text between the various stakeholders involved in the legislative process (European Commission, European Parliament and EU Council) and once implemented in the Union, these regulatory changes will impact the entire banking system and consequently could determine changes in the capital calculation and increase capital requirements.

The impact assessment that accompanied the European Commission's proposal published at the end of October 2021, states the expectation of a weighted average increase in institutions' minimum capital requirements of 6.4% to 8.4% in the long term (by 2030), after the envisaged transitional period. The Commission's proposal foresees that most of the provisions in the CRR III shall apply from 1 January 2025. The Member States shall adopt and publish the CRD VI by 18 months from the date of entry into force of the amending Directive and they shall apply those provisions from one day after its transposition date.

With update No. 38 of 22 February 2022, the Bank of Italy Circular No. 285 of 17 December 2013 (**Circular 285**) was amended in order to provide, *inter alia*, the introduction of:

- i. the possibility for the Bank of Italy to activate the systemic risk buffer (**SyRB**) for banks and banking groups authorised in Italy. In particular, the requirement to maintain a systemic risk buffer of Common Equity Tier 1 is intended to prevent and mitigate macro-prudential or systemic risks not otherwise covered with the macro-prudential instruments provided for by the CRR, the anti-cyclical capital buffer and the capital buffers for G-SII and for O-SII. The buffer ratio for systemic risk can be applied to all exposures or to a subset of exposures and to all banks or to one or more subsets of banks with similar risk profiles; and
- ii. some macro-prudential instruments based on the characteristics of customers or loans (so-called "borrower-based measures"). Specifically, these are measures that are not harmonised at European level, which can be used to counter systemic risks deriving from developments in the real estate market and from high or rising levels of household and non-financial corporate debt.

Furthermore, with update No. 39 of 13 July 2022, the Circular 285 was amended in order to align its provisions with Articles 104 to 104c of the CRD V Directive. In particular, the amendments introduced to Part I, Chapter 1, Title III of the Circular 285 provide, *inter alia*, the introduction of:

- i. a clear differentiation between components of P2R estimated from an ordinary perspective and the Pillar 2 Guidance determined from a stressed perspective which supervisory authorities may require banks to hold; and

- ii. the possibility for supervisory authorities to require additional capital in the presence of excessive leverage risk, under both ordinary and stressed conditions (P2R and Leverage Ratio and Pillar 2 Guidance Leverage Ratio).

### **Regulatory and supervisory framework on non-performing exposures**

Among the measures adopted at European level in order to reduce non-performing exposures within adequate levels, worth mentioning are the followings:

Guidance to banks on non-performing loans published by ECB on 20 March 2017 and Addendum to the Guidance to banks on non-performing loans published by ECB on 15 March 2018: the NPL guidance contains recommendations and lays out the bank's approach, processes and objectives regarding the effective management of the exposures. The guidance addresses all NPEs, as well as foreclosed assets, and also touches on performing exposures with an elevated risk of turning non-performing, such as "watch-list" exposures and performing forborne exposures. According to the guidance, the banks need to establish a strategy to optimize their management of NPLs based on a self-assessment of the internal capabilities to effectively manage NPLs; the external conditions and operating environment; and the impaired portfolios specifications.

On 15 March 2018, the ECB published the Addendum to the Guidance on NPL which sets out supervisory expectations for the provisioning of exposures reclassified from performing to NPEs after 1 April 2018 (the **ECB Addendum**). In addition, the ECB's supervisory expectations for individual banks for the provisioning of the stock of NPLs (before 31 March 2018), was set out in its 2018 supervisory review and evaluation process (**SREP**) letters and the ECB will discuss any divergences from these prudential provisioning expectations with institutions as part of future SREP exercises.

On 22 August 2019, the ECB has decided to revise its supervisory expectations for prudential provisioning of new non-performing exposures. The decision was made after taking into account the adoption of the new EU regulation of that Banking Reform Package which makes further changes to the Pillar I treatment for NPEs (in revisions to the Capital Requirements Regulation known as **CRR II**).

The initiatives that originate from the ECB are strictly supervisory (**Pillar II**) in nature. In contrast, the European Commission's requirement is legally binding (**Pillar I**). The above-mentioned guidelines result in three "buckets" of NPEs based on the date of the exposure's origination and the date of NPE's classification:

- NPEs classified before 1 April 2018 (Pillar II - Stock): 2/7 years vintage buckets for unsecured/secured NPEs, subject to supervisory coverage recommendations and phase-in paths as communicated in SREP letters;
- NPEs originated before 26 April 2019 (Pillar II – ECB Flows): 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%; and
- NPEs originated on or after 26 April 2019 (Pillar I – CRR Flows): 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%.

Action plan to address the problem of non-performing loans in the European banking sector published by the European Council on 11 July 2017: the action plan outlines an approach based on a mix of four policy actions: the bank supervision; the reform of insolvency and debt

recovery frameworks; the development of secondary markets for NPLs; promotion of the banking industry restructuring.

Guidelines on management of non-performing and forborne exposures published by EBA on 31 October 2018: the Guidelines aim to ensure that credit institutions have adequate tools and frameworks in place to manage effectively their NPEs and to substantially reduce the presence of NPEs on the balance sheet. Only for credit institutions with a gross NPL ratio above 5%, EBA asked to introduce strategies, in order to achieve a reduction of NPEs, and governance and operational requirements to support them.

Guidelines on disclosure of non-performing and forborne exposures published by EBA on 17 December 2018: in force since 31 December 2019, the Guidelines set enhanced disclosure requirements and uniform disclosure formats applicable to credit institutions' public disclosure of information regarding non-performing exposures, forborne exposures and foreclosed assets.

Regulation (EU) 2019/630 amending CRR as regards minimum loss coverage for non-performing exposures: the Regulation establishes, in the context of Pillar I, the prudential treatment of the non-performing exposures where the exposure was originated prior to 26 April 2019, requiring a deduction from Own Funds where NPEs are not sufficiently covered by provisions or other adjustments. The Regulation purpose is to encourage a timely and proactive management of the NPEs. The prudential treatment is applicable to: (i) unsecured exposures from the third year after the classification as NPE, (ii) exposures secured by immovable collateral and residential loans guaranteed by an eligible protection provider as defined in CRR, from the ninth year after the classification as NPE; and (iii) secured exposures, from the seventh year after the classification as NPE. The Regulation outlines the convergence process to its full application to secured and unsecured exposures classified as NPEs for less than 3/7/9 years.

Directive on credit servicers, credit purchasers and the recovery of collateral (COM/2018/0135): On 20 October, the European Parliament's plenary approved the final text of the Directive aimed at achieving the development of secondary markets for NPLs in the EU's markets standardizing the regulatory regime for credit servicers and credit purchasers. The second part of the Directive aimed at a better management of NPLs by increasing the efficiency of debt recovery procedures through the availability of a distinct common accelerated extrajudicial collateral enforcement procedure (AECE) is still put on hold.

Opinion on the regulatory treatment of non-performing exposure securitisations published by EBA on 23 October 2019: the Opinion recommends adapting the CRR and the Regulation (EU) 2017/2401 (**Securitisation Regulation**) to the particular characteristics of NPEs by removing certain constraints imposed by the regulatory framework on credit institutions using securitisation technology to dispose of NPE holdings. In preparing its proposal to the Commission, EBA outlines the fact that the securitisations can be used to enhance the overall market capacity to absorb NPEs at a faster pace and larger rate than otherwise possible through bilateral sales only, as a consequence of securitisations' structure in tranches of notes with various risk profiles and returns, which may attract a more diverse investor pool with a different risk appetite.

On July 24, 2020, as part of the Capital Markets Recovery Package, the European Commission presented amendments to review, *inter alia*, some regulatory constraints in order to facilitate the securitisation of non-performing loans (*i.e.* increasing the risk sensitivity for NPE securitisations by assigning different risk weights to senior tranche) in order to promote the economic recovery after the COVID-19 crisis. The new measures - through the Regulation (EU) 2021/557 amending the Securitisation Regulation and the Regulation (EU) 2021/558 amending the Regulation (EU) 2013/575 (**CRR**) - entered into force on 9 April 2021.

In addition, the European Commission published in December 2020 a new Action plan on tackling NPLs. More in detail, in order to prevent a renewed build-up of NPLs on banks' balance sheets, the Commission proposed a series of actions with four main goals: (i) further develop secondary markets for distressed assets (in particular call for finalization of the Directive on credit servicers, credit purchasers and the recovery of collateral; establishing a data hub at European level; reviewing EBA templates to be used during the disposal of NPLs); (ii) Reform the EU's corporate insolvency and debt recovery legislation; (iii) Support the establishment and cooperation of national asset management companies at EU level; (iv) Introduce precautionary public support measures, where needed, to ensure the continued funding of the real economy under the EU's Bank Recovery and Resolution Directive and State aid frameworks.

### **Measures to counter the impact of "COVID-19"**

European and national authorities have undertaken several measures to support the banking and financial market to counter the economic effects of COVID-19.

On 10 March 2020, through an addendum to the 2019 credit agreement between ABI and the Business Associations, the possibility of requesting suspension or extension was extended to loans granted until 31 January 2020. The moratorium refers to loans to micro, small and medium-sized companies affected by the COVID-19 outbreak. The capital portion of loan repayment instalments may be requested to be suspended for up to one year, later extended until 30 June 2021. The suspension is applicable to medium/long-term loans (mortgages), including those concluded through the issue of agricultural loans, and to property or business assets leasing transactions. In the latter case, the suspension concerns the implicit capital instalments of the leasing. On 21 April 2020, through an agreement entered into with the consumer associations, the moratorium was extended to credit to households, including the suspension of the principal portion of mortgage-backed loans and unsecured loans repayable in instalments.

On 11 March 2020, ESMA, considering the spread of COVID-19 and its impact on the EU economy, issued four recommendations in the following areas: (1) business continuity planning, (2) market disclosure, (3) financial reporting and (4) fund management.

1. **Business Continuity Planning:** ESMA has recommended all financial market participants to be ready to apply their contingency plans to ensure operational continuity in line with regulatory obligations.
2. **Market disclosure:** issuers should disclose as soon as possible any relevant significant information concerning the impacts of COVID-19 on their fundamentals, prospects or financial situation in accordance with their transparency obligations under the Regulation (EU) No. 596/2014 (**MAR**), as a disclosure obligation contained in Article 17, paragraph 1 of the MAR, pursuant to which issuers are required to disclose to the public without delay any inside information directly concerning them.
3. **Financial reporting:** ESMA has recommended issuers to provide transparency on the actual and potential impacts of COVID-19, to the extent possible based on both a qualitative and quantitative assessment on their business activities, financial situation and economic performance in their 2019 year-end financial report if these have not yet been finalised or otherwise in their interim financial reporting disclosures.
4. **Fund Management:** ESMA has encouraged fund managers to continue to apply the requirements on risk management and to react accordingly.

The ECB, at its monetary policy meeting held on 12 March 2020, decided to adopt a comprehensive set of monetary policy measures, consisting of three key elements: first, safeguarding liquidity conditions in the banking system through a series of favourably-priced longer-term refinancing operations (**LTROs**); second, protecting the continued flow of credit to the real economy through a fundamental recalibration of targeted longer-term refinancing operations (**TLTROs**); and, third, preventing tightening of financing conditions for the economy in a pro-cyclical way via an increase in the asset purchase programme (**APP**).

With regard to the above, on 17 December 2021, the ECB published its decision not to extend beyond December 2021 the liquidity relief measure that allowed banks to operate with a liquidity coverage ratio below 100%.

Furthermore, on 10 February 2022 the ECB issued the decision that it will not extend capital and leverage relief for banks beyond, respectively, December 2022 and March 2022. Although there is still some uncertainty regarding the impact of the pandemic, the ECB considers banks under its direct supervision to have ample headroom above their capital requirements and above the leverage ratio requirement and sees no need to allow banks to operate below the level of capital defined by their Pillar 2 Guidance (P2G) beyond December 2022, nor to extend beyond March 2022 the supervisory measure that allows them to exclude central bank exposures from their leverage ratios. The special conditions under TLTRO III ended on 23 June 2022.

As regards TLTRO, the Governing Council decided to apply considerably more favourable terms during the period from June 2020 to June 2021 to all TLTRO III operations outstanding during that time. Throughout this period, the interest rate on these TLTRO III operations will be 25 basis points below the average rate applied in the Euro-system's main refinancing operations.

The Governing Council also decided to add a temporary envelope of additional net asset purchases of Euro 120 billion until the end of the year, ensuring a strong contribution from the private sector purchase programmes. On 18 March 2020 this was followed by the announcement of the Euro 750 billion Pandemic Emergency Purchase Program (**PEPP**), increased with a further Euro 600 billion on 4 June 2020. The Governing Council intends to reinvest the principal payments from maturing securities purchased under the PEPP until at least the end of 2024. In any case, the future roll-off of the PEPP portfolio will be managed to avoid interference with the appropriate monetary policy stance.

Among the various measures adopted by the Italian government to address the epidemiological emergency due to the COVID-19 outbreak, on 17 March 2020 Law Decree No. 18 ("**Cura Italia**" Decree) was adopted. The "Cura Italia" Decree introduced special measures derogating from the ordinary proceeding of the Guarantee Fund for SMEs in order to simplify the requirements for access to the guarantee and strengthen the intervention of the Guarantee Fund for SMEs itself, as well as the possibility of transforming the DTA relating to losses that can be carried forward but not yet deducted and to the amount of the ACE notional return exceeding the total net income, to the extent of 20% of the impaired loans sold by 31 December 2020.

On 20 March 2020, the ECB announced additional measures (on top of those already undertaken on 12 March 2020 on temporary capital and operational relief for banks) to ensure that its directly supervised banks could continue to fulfil their role to fund households and corporations amid the COVID-19-related economic shock to the global economy. In particular, the ECB recommended to:

- give banks further flexibility in prudential treatment of loans backed by public support measures;

- encourage banks to avoid excessive procyclical effects when applying the IFRS 9 international accounting standard; and
- activate capital and operational relief measures announced on 12 March 2020.

On 25 March 2020, EBA published a statement to explain the functioning of the prudential framework in relation to the exposures in default, the identification of forborne exposures and impaired exposures in accordance with IFRS 9. In particular, EBA has clarified some additional aspects of the operation of the prudential framework concerning:

- (i) the classification of exposures in default;
- (ii) the identification of forborne exposures; and
- (iii) the accounting treatment of the aforesaid exposures.

Specifically, the Authority repeats the concept of flexibility in the application of the prudential framework, clarifying that an exposure should not be automatically reclassified as (i) exposure in default, (ii) forborne exposure, or (iii) impaired exposure under International Financial Reporting Standard - IFRS9, in case of adoption of credit tolerance measures (such as debt moratorium) by national governments.

On 25 March 2020, ESMA provided clarifications on the accounting implications of the economic support and relief measures adopted by EU Member States in response to COVID-19. In particular, the statement provides guidance to issuers and auditors on the application of IFRS 9 (Financial Instruments) with regard to the calculation of expected losses and related disclosure requirements. This concerns, in particular, the suspension (or deferral) of payments established for credit agreements (e.g. moratorium on debt) that impact the calculation of Expected Credit Loss (**ECL**) under the principles set forth in IFRS 9.

On 27 March 2020, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision (**GHOS**), has deferred Basel III implementation to increase operational capacity of banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the COVID-19 on the global banking system.

The measures endorsed by the GHOS comprise the following changes to the implementation timeline of the outstanding Basel III standards:

- the implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028;
- the implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023; and
- the implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

On 27 March 2020, the ECB published a recommendation addressed to significant banks to refrain from paying dividends and from share buy-backs aimed at remunerating shareholders for the duration of the economic shock related to COVID-19; this recommendation was then extended to January 2021 on 28 July 2020.

On 15 December 2020, the ECB recommended that banks exercise extreme prudence on dividends and share buy-backs (**SBB**). To this end, the ECB asked all banks to consider not distributing any cash dividends or conducting share buy-backs, or to limit such distributions, until 30 September 2021. Given the persisting uncertainty over the economic impact of COVID-19 pandemic, the ECB expected dividends and SBB to remain below 15% of the cumulated profit for 2019-2020 and not higher than 20 basis points of the CET1 ratio. Banks that intended to pay dividends or buy back shares needed to be profitable and have robust capital trajectories. They were expected to contact their Joint Supervisory Team to discuss whether the level of intended distribution is prudent.

On 23 July 2021, the ECB has published a statement with its decision to not extend beyond September 2021 its recommendation that all banks limit dividends. Instead, the capital and distribution plans of each bank will be assessed by supervisors as part of the regular supervisory process. At the same time the ECB has emphasized that banks should remain prudent and not underestimate risks when deciding on dividends and share buy-backs while carefully considering the sustainability of their business model.

On 2 April 2020, the EBA issued Guidelines on the treatment of legislative and non-legislative moratoria applied before 30 June 2020: clarified which legislative and non-legislative payment moratoria could trigger forbearance classification; in particular, the guidelines supplemented the EBA Guidelines on the application of the definition of default as regards the treatment of distressed restructuring (they clarified that the payment moratoria, if based on the application of national laws, or on initiatives agreed at industry / private sector level, where widely applied by the relevant credit institutions, do not trigger forbearance classification and it is not necessary to verify the existence of the requirements for tracing between the distressed restructuring).

On 18 June 2020, EBA has extended the deadline for the application of its Guidelines on payment moratoria to 30 September 2020, after which they expired. Adjusted Guidelines have been reactivated on 2 December 2020, though restricting the scope of application to a maximum of 9 months from the granting of the moratoriums, a limit which however does not apply to those agreed before of 31 September 2020 which continue to benefit from the flexibility granted by the guidelines until their expiry, even if it exceeds 9 months.

On 29 January 2021, the EBA published the "Report on the implementation of selected COVID-19 policies", which contains a series of clarifications in the form of questions and answers (Q&A) on the interpretation of the EBA Guidelines, in particular with regard to the overall duration of the deferred payment to fall within the scope of the EBA Guidelines on moratoriums. However, the clarifications did not concern the hypothesis in which the moratorium pursuant to law, even if granted before 31 September, was extended for more than 9 months due to a subsequent law.

In continuity with the Cura Italia Decree, Law Decree No. 23 of 8 April 2020 (**Liquidity Decree**) was issued, a further measure deemed necessary to support Italian entrepreneurship. The Liquidity Decree, in addition to providing an additional guarantee managed by SACE Simest (**SACE**), a company of the Cassa Depositi e Prestiti group, aims to further strengthen the Guarantee Fund for SMEs by redrawing its rules for accessing, by including also companies with no more than 499 employees and professionals, as well as increasing the guarantee coverage percentages already provided by Article 49 of the Cura Italia Decree (provision that is repealed). In the wake of the latter provision, the Liquidity Decree makes further exceptions to the ordinary rules of the Guarantee Fund for SMEs, which have been applicable until 31 December 2020 and extended until 30 June 2022 by Budget Law 2022 (formerly 31 December 2021 - see below).

On 28 April 2020, the EU Commission published a proposal to amend the CRR Regulation ("quick fix") in order to reduce certain regulatory requirements and facilitate the provision of bank credit to households and enterprises across the EU with the aim of ensuring that banks can continue to lend money to support the economy and help mitigate the significant economic impact of the COVID-19.

The measures, both temporary and exceptional, have been promoted to mitigate the immediate impact of COVID-19-related developments and they imply:

- the reintroduction of prudential filters to manage the current situations of strong turbulence in the markets and to neutralize the effects of losses and gains on the value of debt securities held in the portfolio available for sale as if the securities were valued at cost instead of at fair value;
- a temporary approach to market risk in order to allow supervisors to implement appropriate measures to avoid automatic increases in the quantitative addendum (in particular over the period January 2020 and December 2021);
- more favourable treatment of government guarantees granted during the crisis, aligning the calendar provisioning applied to positions with government guarantees with the calendar provisioning applied to credits guaranteed by Export Credit Agencies;
- early application of certain measures provided for in CRR II: i) extension of the SME Supporting Factor; ii) introduction of the Infrastructure Supporting Factor; iii) improved weighting calibration for loans guaranteed by salary/pension share disposals; iv) improved prudential treatment of software;
- an adaptation of the timeline of the application of international accounting standards to banks' capital (IFRS9 phase-in arrangements);
- the postponement of the date of application of the additional reserve requirement for the leverage ratio of systemic banks (**G-SIB buffer**);
- a change in the way of excluding certain exposures from the calculation of the leverage ratio; and
- the introduction of a transitional regime for EU Sovereign exposures in the currency of another EU Member State.

Following the positive vote of the plenary session of the European Parliament (19 June 2020), the "CRR Quick Fix" has been published in the European Official Journal on 26 June 2020 and has entered into force the following day (27 June 2020).

On 19 May 2020, the Law Decree No. 34 of 19 May 2020 (the so-called "*Decreto Rilancio*") was published in the Official Journal, introducing urgent measures in the areas of healthcare, work and economic support, as well as social policies, related to the epidemiological emergency caused by COVID-19.

Such decree has been signed in the Law No. 77/2020. It introduced some provisions (valid until 31 December 2020) which are aimed at strengthening SME's capital, thus preventing their insolvency risk. Particular reference is made to two public tools: "Patrimonio PMI" fund, which is aimed at subscribing new bonds issued by SME corporates with Euro 10 million turnover, which have been impacted by COVID-19 a turnover reduction of 33% in April and May 2020 (two tax credits are granted to other investors <20% of the investment> in such

corporates, and to the corporates above indicated which have suffered losses <50% of the losses which exceed the 10% of the Net worth, but in the limit of the 30% of the capital increase>); and the so called “Patrimonio rilancio” (Dedicated assets within CDP) which is aimed at subscribing new bonds (mainly convertible bonds) and shares in order to support real economy.

In August 2020 the Government approved the Law Decree “August” (Law Decree 14 August 2020, No. 104, converted into Law 13 October 2020, No. 126) containing several urgent measures in support of health, work and economy, linked to the COVID-19 emergency. The measures introduced by the Law regard the extension of the moratorium for SME until 31 December 2021 (formerly 30 January 2021). Such prorogation operates automatically, unless expressly waived by the beneficiary company. They also provide technical changes to the possibility (Article 55, Law Decree Cura Italia No. 18/2020) to convert the DTAs into tax credits (application to special regimes, such as consolidated and transparency). The decree above mentioned also widens the scope of the public guarantee, too, extending the FCG guarantee scope to companies which already got a prorogation of the guarantee due to temporary difficulties of the beneficiary and including financial intermediation and holding financial assets activities in the 30k guaranteed loans. It also extends SACE guarantee scope also to companies admitted to the arrangement procedure with business continuity (or certified plans and restructuring agreements) if their exposures are not classifiable as non-performing exposures (at the date of submission of the application), they don't present amounts in arrears and the lender can reasonably assume the full repayment of the exposure at maturity.

In October and November 2020, the Council of Ministers approved the “Relieves” Law Decree (Law Decree 28 October 2020, No. 137) and the “Relieves 2” law decree (Law Decree 9 November 2020, No. 149) which provides further urgent measure regarding health protection, support to workers and production sectors, justice and safety linked to COVID-19 epidemic. Main measures introduced by the Law are a non refundable aid for enterprises whose sectors have been restricted and the prorogation of “rental” Tax credit to October-December period and extension to enterprises with turnover exceeding Euro 5 million and which have had a 50% reduction of turnover.

The Law 30 December 2020, No. 178 (the **2021 Budget Law**) extended the "SACE Guarantee" until 30 June 2021 and provided for Mid Cap (companies with a number of employees not exceeding 499) to access the SACE Guarantee from 1 March 2021 to 30 June 2021 at the same favorable conditions offered to these companies by the Guarantee Fund for SMEs. The extraordinary measures relating to the Guarantee Fund for SMEs and the extraordinary moratorium for micro-enterprises and SMEs (Art. 56 Cura Italia Decree) have also been extended until 30 June 2021. Finally, the operation of the “Patrimonio PMI” fund was extended until 30 June 2021 (Art. 26 *Decreto Rilancio*).

In March 2021, the Council of Ministers approved the “Support” Law Decree (Law Decree 22 March 2021, No. 41) which provides further urgent measure regarding health protection, support to workers and production sectors linked to COVID-19 pandemic. Such decree introduces a new non refundable aid for enterprises and professionals which have had a 30 per cent. reduction of turnover.

The Law Decree 25 May 2021, No. 73 (the "**Sostegni-bis**" **Decree Law**, converted into law by Law 23 July 2021 No. 106) further extended the extraordinary public guarantees issued by SACE and the Guarantee Fund for SMEs until 31 December 2021 (including the possibility for Mid Cap to access the SACE Guarantee under the same conditions offered by the Guarantee Fund for SMEs). The possibility of extending the duration of the loan against the payment of a commission has also been provided for operations with SACE guarantee, while for operations with guarantee issued by the Guarantee Fund for SMEs, the extension is possible against a reduction of the guarantee percentages.

The extraordinary moratorium for micro-enterprises and SMEs was also extended until 31 December 2021, limited to the principal amount. The additional measures contained in the decree: the strengthening of the ACE for 2021 by applying the percentage rate of 15% and the extension of the temporal effectiveness of the measures on the transformation of DTAs into tax credits in the event of business combinations.

The Law 30 December 2021 n. 234 (the **Budget Law 2022**) further extended the extraordinary public guarantees issued by SACE and the Guarantee Fund for SMEs (FCG) until 30 June 2022 (including the possibility for Mid Cap to access the SACE Guarantee under the same conditions offered by the Guarantee Fund for SMEs). From 1 April 2022 the FCG Guarantee has been granted against payment of a fee.

The extraordinary regulation ended on 30 June 2022. From 1 July 2022 to 31 December 2022, some specific measures continue to apply, such as: the maximum amount guaranteed by the FCG Fund per company is equal to Euro 5 million and the guarantee is granted by applying the Fund's valuation model.

Finally, among the measures adopted in response to the COVID-19 emergency, the Capital Markets Recovery Package (so-called “Quick Fix”) can also be recalled; it included targeted amendments to the MiFID, the Prospectus Regulation as well as the Securitization Regulation. The package aimed to provide European economies with some relief to face the crisis emerging from the COVID-19 pandemic. As to MiFID2, the proposal included targeted amendments in particular in the field of investor protection. As to the Prospectus Regulation, a new type of short-form prospectus to facilitate the raising of capital in public markets was introduced. As to the Securitisation Regulation, in addition to a review of the regulatory constraints to the securitisation of NPEs, the amendments also extended the preferential treatment to all synthetic on-balance sheet securitisation that fulfil the simple, standardised and transparent (STS) criteria. Amendments to the Prospectus Regulations entered into force in March 2021; the MiFID amendments, as being part of a Directive, needed to be transposed into national laws by November 2021. Amendments to the securitisation Regime entered into force on 9 April 2021.

### **Measures to counter the impact of Russia-Ukraine conflict**

In May 2022 the Council of Minister approved the “Aiuti” Decree (Law Decree 17 May 2022, No. 50, converted into Law 15 July 2022 No. 91) to address the negative consequences on the country's economic recovery caused by the Russia-Ukraine war. The decree contains some measures aimed at boosting the public guarantees’ system through:

- The introduction of a new SACE guarantee until 31 December 2022 in favor of banks, national and international financial institutions and other entities authorized to exercise credit in Italy, for loans, in any form, granted to companies that demonstrate that the current crisis has direct negative economic repercussions on their activities.

The maximum duration of the guaranteed loans is 6 years (extendable to 8 years subject to authorization by the EU Commission), with the possibility of pre-amortization not exceeding 36 months and the guarantee’s percentage changes (from 70% to 90%) depending on the company turnover and the number of employees

- The introduction, until 31 December 2022, of a further measure relating to a 90% guarantee granted by SME’s Guarantee Fund on individual loans granted to SMEs aimed at achieving efficiency goals or diversification of energy production or consumption. The guarantee is free only for companies, located in Italy, operating in the particularly affected sectors (Annex I of the new TF Crisis) and the maximum duration of guaranteed loans is 6 years.

## SUSTAINABLE FINANCE

Finally, it is worth mentioning the developments in the Sustainable Finance area. The banking system needs to be able to collect high quality data on companies' sustainable activities and projects to contribute to the radical transformation towards climate neutrality and sustainability, which are the basis for green finance decision-making and necessary to ensure that the banks shall comply with the regulations on the disclosure of financial and non-financial information.

In May 2018, the European Commission published a package of legislative measures in order to promote a sustainable finance based on three building blocks that included: i) a classification system, or “sustainable taxonomy”, ii) a disclosure framework relating to sustainable risks and iii) investment tools, including benchmarks, standards and labels.

Taxonomy. The final text of the Taxonomy Regulation has been adopted by the European Parliament and Council and was subsequently published in the OJ in 2020. The Taxonomy Regulation is a classification system intended to address greenwashing and provide a tool to direct finance towards sustainable investments. The regulatory framework outlines definitions and specific criteria (technical screening criteria) to determine whether an economic activity can be classified as environmentally sustainable.

The level II timeline to determine the specific technical screening criteria is progressing with criteria for the first two environmental objectives (climate change mitigation and adaptation) now adopted and applicable from 1 January 2022. The remaining four objectives – sustainable use and protection of water and marine resources, transition to circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems – are expected to be adopted in Autumn 2022 and should be applicable from 1 January 2023 (however delays are expected).

On 15 July, the Taxonomy Complementary Delegated Act covering gas and nuclear related activities was published in the OJ of the EU and will enter into force twenty days after the publication. The Delegated Act will be applicable from 1 January 2023.

Taxonomy Extension. In July 2021, the Platform on Sustainable Finance published a consultation paper on ‘Taxonomy extension options linked to environmental objectives’; and a draft report on ‘Social Taxonomy’. The consultation paper asked feedback on the possibility to extend the EU Taxonomy to significantly harmful (**SH**) activities and no significant impact (**NSI**) activities and if this would fall within the overall framework of EU sustainable finance. The final report on a Social Taxonomy which looks at how to implement a social Taxonomy as well as how to make the two Taxonomies (social and environmental) work together was formally published by the Platform on 28 February 2022. The Finale Report on the extension of the Taxonomy to significantly harmful (**SH**) activities, intermediate activities and no significant impact (**NSI**) activities was published on 28 March 2022. The Commission is expected to assess the two reports in due time and decide whether to put forward a legislative proposal on both Social and Extended Taxonomy.

Furthermore, the Platform on Sustainable Finance published its final report and annex (containing the list of activities) with recommendations on technical screening criteria (**TSC**) for the four remaining environmental objectives under the EU Taxonomy. The four objectives are: sustainable use of water and marine resources; protecting and restoring biodiversity and ecosystems, transitioning to a circular economy, preventing and controlling pollution. The EC will review the report and put forward a legislative proposal for a second Taxonomy Delegated Act by the end of the year. The Delegated Act on four remaining objectives should be applicable from 1 January 2023.

On 9 December 2019 has been published Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the **Sustainable Finance Disclosure Regulation** or **SFDR**), which lays down harmonised rules for financial market participants and financial advisers on transparency. The SFDR entered into force from March 2021, but the EC was mandated to adopt regulatory technical standards regarding the ESG disclosure requirements. The three ESAs (EBA, EIOPA and ESMA) published their report in February 2021 which was finally adopted by the EC in April 2022 and will be applicable from January 2023 (delays are expected).

The Corporate Sustainable Reporting Directive (CSRD), published by the Commission on 21 April 2021, will review the existing Non-Financial Reporting Directive (NFRD) to reinforce disclosure obligations through mandatory reporting standards while broadening the application scope. Agreement among co-legislators was reached on 21 June 2022. The Directive proposes:

1. an extension of scope to all large companies, all listed companies (except listed micro enterprises), non-EU companies with branches or subsidiaries in the EU above certain thresholds-undertakings);
2. the requirement to specify in greater detail the information that companies should report (e.g., information about their strategy, targets, the role of the board and management, principal adverse impacts of the undertaking);
3. the requirement to report against mandatory EU sustainability reporting standards; and
4. the requirement for an EU-wide audit (assurance) requirement for reported sustainability information, starting with limited assurance, later reasonable.

The requirement to ensure all information is published as part of the firm's management report and is disclosed in a digital, machine-readable format. The CSRD's new sustainability reporting obligations will apply to financial years starting with 1 January 2024 (reporting in 2025), according to a three stages-timeline

On 21 April 2021, the European Commission published a package of measures on Sustainable Finance, which included proposals for inclusion of ESG into the existing MiFID 2 Regulation. Starting from August 2022, the financial advisors are required to gather information about ESG preferences of clients and take them into consideration when providing advice or propose financial products. Additionally, the financial institutions are requested to integrate sustainability factors, risks and preferences into organizational and operational processes.

On 6 July 2021, the Commission published its communication on the "Strategy for Financing the Transition to a Sustainable Economy" (the **Renewed Strategy**), which is a complementary strategy to the 2018 Sustainable Finance Action Plan. The Renewed Strategy focusses on management of financial risk by the financial sector, including a focus on taxonomy and disclosures. It identifies four main areas where additional actions are needed for the financial system to fully support the transition of the economy towards sustainability namely: i) financing the transition to sustainability (adoption of the Intermediate Taxonomy as well as the establishment of "significant harmful" and "non-significant impact" taxonomies), ii) inclusiveness (extension of Taxonomy to social objectives. Publication of the Sustainable Corporate Governance and definition of green retail loans and green mortgages), iii) financial sector resilience and contribution to sustainability (incorporate ESG risk in the Supervisory Review and Evaluation Process; regular climate change stress tests) and iv) global ambition. Alongside the Renewed Strategy the Commission published also a proposal for a regulation for a voluntary EU Green Bond Standard (EuGBs) with an aim to scale up and raise the environmental ambitions of the green bond market.

Green Bond Standard. The Commission published its proposal for an EU Green Bond Standard (**EU GBS**) on 6 July 2021. The Regulation lays down the foundation for a common framework of rules regarding the use and designation of EU GBS for bonds that pursue environmentally sustainable objectives within the meaning of Taxonomy Regulation. The Regulation is mainly aimed at issuers who wish to use the voluntary EU GB standard. The proposal is currently under negotiations, while its finalization and publication in the OJ of the EU is expected by the end of 2022. The Regulation also sets up a system for registering and supervising companies that act as external reviewers for green bonds aligned with this framework. The negotiations are ongoing both in the European Parliament and in the Council. It is expected that the Regulation will be finalized by the end of 2022. On 6 July 2021, the European Commission adopted the Delegated Act on Article 8 under the EU Taxonomy Regulation which requires entities covered by the EU Non-Financial Reporting Directive (**NFRD**) to publish information on how and to what extent their activities are associated with economic activities that qualify as “environmentally sustainable” under the EU Taxonomy Regulation. The application of the delegated act for financial institutions is limited in 2022 and 2023 to certain elements, while the remaining provision will apply from 1 January 2024 (e.g, the Green Asset Ratio). The disclosure of the information related with banks’ trading book exposures and fees and commissions for other commercial services will apply from 1 January 2026.

On 25 November 2021, as part of the CMU Action Plan, the Commission published the legislative proposal for the establishment of the European Single Access Point (**ESAP**), aimed to ensure public and free access to financial and sustainability-related information across the single market with a view to meet investors’ demand. The scope of data accessible via the ESAP will include information published by entities under existing EU financial services legislation, with a phased approach from 2024 till 2026. The ESAP will enable any entity, in particular SMEs, to file relevant information voluntarily. Entities are expected to file the information only once to a collection body (for instance the Officially Appointed Mechanisms or an existing authority, at national or at European level). All the collection points will enable the ESAP to access that information via application programming interfaces (**APIs**). The European Securities and Markets Authority (**ESMA**) will be in charge of building, operating and governing the ESAP. The information will be available for free and in data extraction format, with an increasing amount of information made machine-readable in the long run. The ESAP proposal will undergo the legislative process in the course of 2022.

On 24 January 2022, the EBA published their final drafts on the implementing technical standards (**ITS**) on Pillar 3 disclosures of ESG risks in accordance with Article 449a of the CRR. In defining the ITS, the EBA took into consideration the sequential approach followed by the European Commission (**EC**) for the disclosure obligations requested by Article 8 of the EU Taxonomy and proposed the disclosure of a Green Asset Ratio (**GAR**) for the exposures related to the NFRD companies starting from 2024, while it introduced a transition period until June 2024 for the disclosure of the Banking Book Taxonomy alignment Ratio (**BTAR** - dedicated to exposures towards SMEs and non-EU counterparties) and for the banks’ scope 3 emissions. EBA confirmed that will review the disclosure requirements in 2024 to extend them to the other four environmental objectives and to the trading book. The EC has four months within which must decide whether to adopt the ITS and publish them in the Official Journal in order to enter into force by 28 June 2022 as requested by CRR.

On 2 May 2022, EBA published the discussion paper on the role of environmental risks in the prudential framework, analysing the extent to which these risks are already reflected in the Pillar 1 own funds requirements via internal and external ratings, valuation of financial instruments and collateral or scenario analysis. EBA is of the view that a risk-based approach in assessing the risk profiles of exposures subject to environmental risks should be taken before proposing additional direct capital requirements and takes a cautious approach regarding the introduction of specific risk-weighted adjustment factors for green and carbon

intensive exposures, advocating instead for targeted changes to internal models, external credit ratings and collateral re-evaluations. EBA is expected to publish the final report by June 2023 and the proposed measures to be implemented in the changes to CRR3.

## **DIGITAL FINANCE**

On 24 September 2020, the European Commission published a Digital Finance Package with the main aim to support the EU digital transformation of finance in the coming years while regulating its risks. Four broad priorities will guide the EU's initiatives to promote digital transformation until 2024 with associated actions (legislative and non-legislative) that the Commission would like to put forward in the next four years.

1. Removing fragmentation in the Digital Single Market: in June 2021, the Commission launched a legislative proposal aimed at creating a European Digital Identity which will be available to all EU citizens, residents, and businesses in the EU. The proposal builds on the existing cross-border legal framework for trusted digital identities, the European electronic identification and trust services initiative (**eIDAS Regulation**). Adopted in 2014, it provides the basis for cross-border electronic identification, authentication and website certification within the EU.
2. Adapting the EU regulatory framework to facilitate digital innovation: in September 2020, the Commission proposed for the first time new legislation on crypto-assets, the so called "Markets in Crypto Assets" (**MiCA**) regulation to ensure clarity and legal certainty for issuers and providers of crypto assets that are not currently covered by current EU legislation. Safeguards include capital requirements. Issuers of significant crypto-assets (the so-called global "stablecoins") will be subject to stricter requirements (e.g. in terms of capital, investor rights and supervision). The Commission also proposed a Regulation on a pilot regime for market infrastructures based on distributed ledger technology (**DLT**), which allows temporary derogations from existing rules, for market infrastructures interested in trading and settling transactions in financial instruments in crypto-asset form. The Regulation entered into force in June 2022, with most of its provisions that will apply from 23 March 2023. In April 2021, to facilitate digital innovation, the Commission also presented a proposal for a regulatory framework on Artificial Intelligence (**AI**) aimed both at promoting its development but also at managing its potential risks.
3. Promoting data-driven innovation in finance: In coordination with the PSD2's review and building on initiatives in the data strategy (Data Governance, Data Act and the Digital Markets Act as well the Digital Services Act), the EC will likely present a legislative proposal for a broader open finance framework in 1Q23 (date to be confirmed).
4. Addressing the challenges and risks associated with digital transformation: in September 2020, the Commission proposed a Digital Operational Resilience Act (**DORA**) to prevent and mitigate cyber threats and enhance oversight of outsourced services. The proposed legislation will require all interested firms to ensure that they can withstand all types of ICT related disruptions and threats and introduces an oversight framework for ICT providers, such as cloud computing service providers.

## **OTHER RECENT SECURITIES MARKETS RELATED REGULATIONS**

On November 25, 2021, the Commission presented its official proposal for a Markets and Financial Instruments Regulation (MiFIR) review as part of a Capital Market Package including other legislative proposals (i.e., the creation of the European Single Access Point (ESAP) – see above - and a review of the European Long-Term Investment Funds (ELTIFs) Regulation). The EC MiFIR review aims at improving transparency and making the EU market infrastructure more competitive. The review is mainly focused on the establishment of an EU Consolidated Tape (CT) – a centralized database meant to provide a comprehensive view of market data - namely prices and volumes of traded securities across trading venues in the EU. With an ordinary legislative procedure, the proposal will be now discussed by the EU Parliament and EU Council likely over 2022/2023.”

- The sub-paragraph “*Credit ratings*”, in the “*Description of UniCredit and the UniCredit Group*” section, on pages 244-245 of the Base Prospectus, shall be deleted in its entirety and replaced as follows:

“1.1.6 Credit ratings

As at 5 August 2022, UniCredit has been rated as follows:

Rating Agencies	Short Term Counterparty Credit Rating	Long Term Counterparty Credit Rating	Outlook	Last update
Fitch	F2 <sup>(1)</sup>	BBB <sup>(2)</sup>	stable <sup>(3)</sup>	17 December 2021
S&P	A-2 <sup>(4)</sup>	BBB <sup>(5)</sup>	stable <sup>(6)</sup>	29 July 2022
Moody's	P-2 <sup>(7)</sup>	Baa1 <sup>(8)</sup>	stable <sup>(9)</sup>	12 May 2021

Fitch Ratings

- (1) F2: indicates a good capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union. However, the margin of safety is not as great as in the case of the higher ratings. (Source: Fitch).
- (2) BBB: indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity (Source: Fitch).

**Note:** A "+" or "-" may be appended to a rating to denote relative status within a major rating category. Such suffixes are not added to the AAA rating category, to categories below CCC, or to Short-Term Credit Ratings other than F1 (Source: Fitch).

- (3) Outlooks indicate the direction a rating is likely to move over a one- to two-year period. They reflect financial or other trends that have not yet reached or been sustained the level that would cause a rating action, but which may do so if such trends continue. A Positive Rating Outlook indicates an upward trend on the rating scale. Conversely, a Negative Rating Outlook signals a negative trend on the rating scale. Positive or Negative Rating Outlooks do not imply that a rating change is inevitable, and similarly, ratings with Stable Outlooks can be raised or lowered without a prior revision to the Outlook. Occasionally, where the fundamental trend has strong, conflicting elements of both positive and negative, the Rating Outlook may be described as “Evolving” (Source: Fitch).

S&P

- (4) A-2: an obligor has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category (**Source: S&P**).
- (5) BBB: an obligor has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments (**Source: S&P**).

**Note:** ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories (**Source: S&P**).

- (6) Outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action. A stable outlook is assigned when S&P believes that ratings is not likely to change (**Source: S&P**).

#### Moody's

- (7) P-2: issuers (or supporting institution) rated Prime-2 have a strong ability to repay short-term debt obligations (**Source: Moody's**).
- (8) Baa: obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics (**Source: Moody's**).

**Note:** Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category (**Source: Moody's**).

- (9) Outlook is an opinion regarding the likely rating direction over the medium term. A stable outlook indicates a low likelihood of a rating change over the medium term (**Source: Moody's**).

During the validity of this Base Prospectus, the updated Issuer's ratings information which could occur, will be available from time to time on the Issuer's website, without prejudice to the obligations arising from Article 23 of the Prospectus Regulation in relation to the drafting of a supplement.

The rating agencies Fitch, S&P and Moody' are established in the European Economic Area, are registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended, and are included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

- The sub-paragraph "*Description of the expected financing of the Issuer's activities*" in the "*Description of UniCredit and the UniCredit Group*" section on page 245 of the Base Prospectus shall be deleted in its entirety and replaced as follows:

#### *"1.1.8 Description of the expected financing of the Issuer's activities*

As of 30 June 2022, the loans to deposits ratio (**LDR**), a ratio between the customer loans and deposits, including the repo activity, is equal to 87.2 per cent.. Such ratio remains broadly stable compared to 31 December 2021, equal to 89.7%<sup>14</sup> per cent., mostly due to the deposits' growth, mainly driven by the repo dynamic.

However the Group's liquidity is always well above the minimum regulatory requirements – liquidity coverage ratio (**LCR**) and Net Stable Funding Ratio (**NSFR**) – as provided by EU 2013/575 Regulation and EU/36/2013 Directive.

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<sup>14</sup> Figures related to December 2021 have been restated in order to follow the reclassification of UniCredit Leasing S.p.A. and its controlled company and of UniCredit Leasing GMBH and its controlled companies from the non-current assets/liabilities held for sale to the loans to customers/deposits from customers.

As of 31 March 2022, the liquidity buffer is equal to Euro 202.1 billions (Euro 201.9 billions as of 31 December 2021).

As of 31 December 2021, the TLTRO participations of the Group is equal to Euro 106.8 billions.”

- The sub-paragraph “Names, business addresses and functions of the members of the Board of Directors and Board of Statutory Auditors and an indication of the principal activities performed by them outside of the Issuer where these are significant with respect to the Issuer” of the paragraph titled “Administrative, management and supervisory bodies” in the “Description of UniCredit and the UniCredit Group” section on pages 250-256 of the Base Prospectus is deleted in its entirety and replaced as follows:

**“4.1 Names, business addresses and functions of the members of the Board of Directors and Board of Statutory Auditors and an indication of the principal activities performed by them outside of the Issuer where these are significant with respect to the Issuer**

The board of directors (the **Board** or the **Board of Directors**) is elected by UniCredit shareholders at a general meeting for a three financial year term, unless a shorter term is established upon their appointment, and Directors may be re-elected. Under UniCredit Articles of Association, the Board is composed of between a minimum of 9 and a maximum of 24 members.

The Board of Directors currently in office was appointed by the UniCredit Ordinary Shareholders’ Meeting on 15 April 2021 for a term of three financial years and is composed of 13 members. The term in office of the current members of the Board will expire on the date of the Shareholders’ Meeting called to approve the financial statements for the financial year ending 31 December 2023. The members of the Board of Directors have been appointed on the basis of a proportional representation mechanism (“*voto di lista*”) and in compliance with the provisions on gender balance.

The following table sets forth the current members of UniCredit's Board of Directors as at 5 August 2022.

<b>Name</b>	<b>Position</b>
Pietro Carlo Padoan <sup>1-3</sup>	Chairman
Lamberto Andreotti <sup>1-2-3</sup>	Deputy Vice Chairman
Andrea Orcel	Chief Executive Officer*
Vincenzo Cariello <sup>1-2-3</sup>	Director
Elena Carletti <sup>1-2-3</sup>	Director
Jayne-Anne Gadhia <sup>1-2-3</sup>	Director
Jeffrey Alan Hedberg <sup>1-2-3</sup>	Director
Beatriz Lara Bartolomé <sup>1-2-3</sup>	Director
Luca Molinari <sup>1-2-3</sup>	Director
Maria Pierdicchi <sup>1-2-3</sup>	Director

Francesca Tondi <sup>1-2-3</sup>	Director
Renate Wagner <sup>1-2</sup>	Director
Alexander Wolfgring <sup>1-2-3</sup>	Director

Notes:

- (1) Director that meets the independence requirements pursuant to Section 148 of the Financial Services Act.
- (2) Director that meets the independence requirements pursuant to section 13 of the Treasury Decree no. 169 dated November 23, 2020.
- (3) Director that meets the independence requirements pursuant to Section 2, recommendation 7, of the Italian Corporate Governance Code.

\* Also elected as General Manager by the Board of Directors on 15 April 2021.

The information on the Board of Directors and its updates is available on the UniCredit website without prejudice to the obligations arising from Article 23 of the Prospectus Regulation in relation to the drafting of a supplement.

The business address for each of the foregoing Directors is in Milan, 20154, Piazza Gae Aulenti 3, Tower A.

Other principal activities performed by the members of the Board which are significant with respect to UniCredit are listed below:

***Pietro Carlo Padoan***

- Member of the Board of Directors and the Executive Committee of ABI – Italian Banking Association
- Chairman of the Capital Markets Union technical Committee of ABI - Italian Banking Association
- Chairman of the High Level Group on Financing Sustainability Transition
- Member of the European Financial Roundtable (EFR)
- Member of the European Banking Group (EBG)
- Member of the Executive Committee of FeBAF (Italian Banking, Insurance and Finance Federation)
- Member of the Executive Committee of Assonime
- Member of the Committee of Market Operators and Investors (COMI)
- Member of the Governing Council of the School for Economic and Social Politics (AISES)
- Member of the "Comitato Scientifico Osservatorio Banca Impresa 2030"

- Member of the Board of Directors of International Monetary Conference
- Member of the Board of "Istituto Luigi Einaudi per gli Studi bancari, finanziari e assicurativi"
- Member of the Corporate Governance Committee of Borsa Italiana
- Member of the Board of the Institute of International Finance (IIF)
- Vice Chairman of IAI – Istituto Affari Internazionali
- Senior Fellow and member of the Scientific Council of SEP – School of European Political Economy, LUISS University
- Honorary Board Member of Scope Foundation

***Lamberto Andreotti***

- Member of the Board of Directors of Corteva Agriscience
- Senior Advisor of EW Healthcare
- Member of the Board of Directors of American Italian Cancer Foundation
- Member of the Board of Directors of Salzburg Festival Society

***Andrea Orcel***

- Non-executive Director of EIS Group Ltd

***Vincenzo Cariello***

- Founding and Name Partner Studio Legale Professor Cariello
- Member of the Board of Directors of A2A S.p.A.

***Elena Carletti***

- Full Professor of Finance, Bocconi University, Department of Finance
- Chairperson of the European Finance Association (EFA)
- Director of Center for Economic Policy & Research
- Research Professor, Bundesbank
- Scientific Director, European University Institute, Florence School of Banking and Finance (FBF)
- Member of the Advisory Scientific Committee, European Systemic Risk Board (ESRB) - European System of Financial Supervision
- Member of Expert Panel on banking supervision, European Parliament
- Member of the Scientific Committee, Bruegel

***Jayne-Anne Gadhia***

- Founder and Executive Chair of Snoop
- Chair of HMRC (Non-Commercial role)
- Senior Independent Director/Chair of Audit Committee and Finance and Operations Committee (Non-Commercial role) of Tate Board of Trustees
- Mayor of London - Member of Business Advisory Board
- Member of Financial Inclusion Policy Forum

***Jeffrey Alan Hedberg***

- Member of the Board of Directors of Wind Tre S.p.A.
- Member of the Board of Directors of Wind Tre Italia S.p.A.
- Member of the Board of Directors of 3Iettronica Industriale S.p.A.
- Member of the Board of Directors of Wind Tre Retail S.r.l.
- Advisory Board Member of SDA Bocconi

***Beatriz Lara Bartolomé***

- Sole Administrator of AHAOW
- Member of the Advisory Council of FINCOMUN MEXICO
- Business Angel & Senior Advisor at ZELEROS Hyperloop
- Investor & Senior Advisor at OPINNO
- Investor & Senior Advisor Bound4Blue
- Mentor at Startup Lab, International MBA, IE Business School

***Luca Molinari***

- Head of Financial Services at Mubadala Investment Company
- Non-Executive Director at Sanad Group

***Maria Pierdicchi***

- Non-Executive Board Member and Chair of Human Resources Committee of Autogrill S.p.A.
- Chairwoman and Board Member of NED COMMUNITY
- Board Member of Aidexa Holding (previously PBI S.p.A.)
- Board Member of HUBLAB Eccellenze d'impresa S.r.l.

***Francesca Tondi***

- Member of the Board of Directors of Piraeus Financial Holdings SA
- Member of the Board of Directors of Piraeus Bank SA
- Leader of the Financial sector HUB – Climate governance initiative

***Renate Wagner***

- Member of the Board of Management Allianz SE
- Member of the Supervisory Board of Allianz Lebensversicherungs-AG
- Member of the Supervisory Board of Allianz Holding Eins GmbH

***Alexander Wolfgring***

- Member of the Board of Directors (Executive Director) of Privatstiftung zur Verwaltung von Anteilsrechten
- Member of the Board of Directors of AVZ GmbH
- Chairman of the Supervisory Board, Österreichisches Verkehrsbüro AG
- Member of the Board of Directors of AVB Holding GmbH
- Member of the Board of Directors of API Besitz, GmbH
- Member of the Board of Directors of Mischek Privatstiftung

**Board of Statutory Auditors**

Pursuant to the provisions of the UniCredit Articles of Association, the board of statutory auditors (the **Board of Statutory Auditors**) consists of five permanent statutory auditors, including a Chairman, and four stand-in statutory auditors.

The Board of Statutory Auditors currently in office was appointed by the UniCredit Ordinary Shareholders' Meeting on 8 April 2022 for a term of three financial years and its members may be re-elected.

The term in office of the current members of the Board of Statutory Auditors will expire on the date of the Shareholders' Meeting called to approve the financial statements for the financial year ending 31 December 2024. The members of the Board of Statutory Auditors have been appointed on the basis of a proportional representation mechanism (“*voto di lista*”) and in compliance with the provisions on gender balance.

The following table sets out the current members of UniCredit Board of Statutory Auditors as at 5 August 2022:

<b>Name</b>	<b>Position</b>
Marco Rigotti	Chairman

Claudio Cacciamani	Statutory Auditor
Benedetta Navarra	Statutory Auditor
Guido Paolucci	Statutory Auditor
Antonella Bientinesi	Statutory Auditor

The information on the Board of Statutory Auditors and its updates are available on the UniCredit website, without prejudice to the obligations arising from Article 23 of the Prospectus Regulation in relation to the drafting of a supplement.

All of the members of the Board of Statutory Auditors in office are enrolled with the Register of Chartered Accounting Auditors of the Italian Ministry of Economy and Finance. The business address for each of the members of the Board of Statutory Auditors is in Milan, 20154, Piazza Gae Aulenti 3, Tower A.

Other principal activities performed by the Statutory Auditors of UniCredit which are significant for UniCredit are listed below:

**Marco Rigotti**

- Chairman of the Board of Directors of Alisarda S.p.A.

**Claudio Cacciamani**

- Chairman of the Board of Statutory Auditors of Confidi Parma S.C.p.A.
- Non-executive Director of Alicanto Capital SGR S.p.A.
- Non-executive Director of Carlyle Real Estate Società di Gestione del Risparmio S.p.A.
- Non-executive Director of CBRE Investment Management SGR S.p.A.
- Non-executive Director of Consultinvest S.p.A.
- Member of the Supervisory Committee of Banca Popolare di Garanzia in compulsory liquidation

**Benedetta Navarra**

- Chairwoman of Audit Committee of UniCredit Bulbank A.D.
- Chairwoman of the Board of Directors of Italgas S.p.A.
- Member of the Board of Directors of A.S. Roma S.p.A.
- Statutory Auditor of Italo S.p.A.
- Statutory Auditor of Aeroporti di Roma S.p.A.

- Chairwoman of the Supervisory Body pursuant to Legislative Decree 231/2001 of Equitalia Giustizia S.p.A.
- Member of the Supervisory Body pursuant to Legislative Decree 231/2001 of Confindustria imprese per l'Italia Provincia di Roma Capitale

#### **Guido Paolucci**

- Chairman of the Board of Statutory Auditors of Ecofuel S.p.A.
- Chairman of the Board of Statutory Auditors of Raffineria di Gela S.p.A.
- Chairman of the Board of Statutory Auditors of Telecom Italia San Marino S.p.A.
- Chairman of the Board of Statutory Auditors of Telefonia Mobile Sammarinese S.p.A.
- Statutory Auditor of Nuova Compagnia di Partecipazioni S.p.A.
- Statutory Auditor of Società Gemelli Molise S.p.A.
- Statutory Auditor of Consorzio CONOU
- Statutory Auditor of Società HYLE Capital Partners SGR S.p.A.
- Chairman of the Board of Statutory Auditors of Fondazione "Casa Sollievo della Sofferenza"

#### **Antonella Bientinesi**

- Statutory Auditor of ACER Sede S.p.A.
  - Statutory Auditor of Enel Energia S.p.A.
  - Statutory Auditor of Enel Green Power Solar Metehara S.p.A.
  - Statutory Auditor of Enel Green Power Solar Ngonye S.p.A.
  - Statutory Auditor of CESI S.p.A
  - Sole Auditor of Enel Green Power Matimba Newco 1 S.r.l.
  - Statutory Auditor of Fondo Ambiente Italiano – FAI”
- The sub-paragraph “*Information related to the shareholder structure of the Issuer*” of the paragraph titled “*Major Shareholders*” in the “*Description of UniCredit and the UniCredit Group*” section on page 257 of the Base Prospectus is deleted in its entirety and replaced as follows:

#### **“5.1 Information related to the shareholder structure of the Issuer**

No individual or entity controls UniCredit within the meaning provided for in Article 93 of the Financial Services Act.

As at 16 May 2022, the major shareholders who have disclosed that they hold, directly or indirectly, a relevant participation in UniCredit, pursuant to Article 120 of the Financial Services Act, were:

<b>Major Shareholders*</b>	<b>Ordinary Shares</b>	<b>% owned</b>
BlackRock Group	114,907,383	5.682 <sup>(1)</sup>
Parvus Asset Management Europe Limited	110,507,621	5.465 <sup>(1)</sup>
Allianz Group	69,622,203	3.443

(1) non-discretionary asset management

\* The table shows the information notified by the shareholders pursuant to Article 120 of the Financial Services Act and published on the CONSOB website in the "Shareholders" section updated on the basis of the communications processed until 15 May 2022. The percentages indicated are calculated on the number of shares representing the share capital as of 5 August 2022.

It should be noted that, in the cases provided for by the Issuer's regulations, management companies and qualified entities that have acquired, as part of their management activities, shareholdings less than 5 per cent. are not required to make disclosures.

The updated information concerning the major shareholders will be available from time to time on the Issuer's website without prejudice to the obligations arising from Article 23 of the Prospectus Regulation in relation to the drafting of a supplement."

- The sub-paragraph "*Legal and arbitration proceedings*" of the paragraph titled "*Legal and arbitration proceedings*" in the "*Description of UniCredit and the UniCredit Group*" section on pages 257-269 of the Base Prospectus is deleted in its entirety and replaced as follows:

#### **"6.1 Legal and arbitration proceedings**

The risks connected with pending legal proceedings have been duly examined by the Parent Company and each of the involved Subsidiaries (the **Companies**).

As at 30 June 2022, the Companies were named as defendants in 60,779 legal proceedings, of which 8,189 involving the parent company UniCredit S.p.A. (excluding labor law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group Companies).

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as of 30 June 2022, the UniCredit Group set aside a provision for risks and charges of Euro 575.8 million, of which Euro 294.7 million for the parent company UniCredit S.p.A. As of 30 June 2022, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings was Euro 8.1 billion, of which approximately Euro 5.1 billion for the proceedings involving the parent company UniCredit S.p.A. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit Group companies are named as defendants.

In a greater detail, it mainly deals with:

#### **Madoff**

The parent company UniCredit S.p.A. and several of its direct and indirect subsidiaries (the **Companies**) have been sued in the wake of a Ponzi scheme perpetrated by Bernard L. Madoff through his company Bernard L. Madoff Investments Securities LLC (**BLMIS**), which was exposed in December 2008. The Companies were principally connected with Madoff as investment manager and/or investment adviser for the Primeo Fund Ltd (now in liquidation) and other non-US funds of funds that had invested in other non-US funds with accounts at BLMIS.

Specifically, the Companies (together with a variety of other entities) were named as defendants in a variety of proceedings (both in the US and in non-US jurisdictions), for a total damage compensation claims of over \$6 billion (to be later determined over the course of the proceedings). At present, most of the claims brought before US Courts and referring to the Companies have been rejected without any possibility of appeal or dismissal. However, the bankruptcy administrator of BLMIS (the **SIPA Trustee**) responsible for the Madoff's company liquidation continues to pursue claims related to transfers of money made by BLMIS pre-bankruptcy to an affiliated company, BA Worldwide Fund Management Ltd (**BAWFM**), and other similarly situated parties. The potential claim for damages against BAWFM is non-material and, therefore, there are no specific risk profiles for the Companies.

In addition, certain current or formerly affiliated persons named as defendants in a proceeding in the United States may seek indemnification from the Companies and its affiliated entities.

As at 30 June 2022, there were several pending civil proceedings against UniCredit Bank Austria AG (**UCB Austria**) for the total claimed damages amount of Euro 4.8 million. While a large majority of the judgments have been favourable to UCB Austria, the impact of the remaining cases cannot be predicted with certainty, as the related future rulings may be adverse to UCB Austria. UCB Austria has made adequate provisions related to the Madoff's matter.

### **Proceedings arising out of the purchase of UniCredit Bank AG (UCB AG) by the parent company UniCredit S.p.A. and the related Group reorganisation**

#### ***Squeeze-out of UCB AG minority shareholders (Appraisal Proceeding)***

In 2008, approximately 300 former minority shareholders of UCB AG filed a request before the District Court of Munich to have a review of the price paid to them by the parent company UniCredit S.p.A., equal to Euro 38.26 per share, in the context of the squeeze out of minority shareholders (Appraisal Proceeding). The dispute mainly concerns the valuation of UCB AG, which is the basis for the calculation of the price to be paid to the former minority shareholders. On 22 June 2022, the competent court in Munich rejected all applications for a higher compensation than that which the parent company UniCredit S.p.A. paid to the former minority shareholders of UCB AG hence dismissing all claims. Certain claimants have filed appeals.

#### ***Squeeze-out of UCB Austria's minority shareholders (Appraisal Proceeding)***

In 2008, approximately 70 former minority shareholders of UCB Austria commenced proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to Euro 129.4 per share, was inadequate, and asking the court to review the adequacy of the amount paid (Appraisal Proceeding). At present the proceeding is pending in the first instance. In parallel, five contentious proceedings in which plaintiffs claim damages have been initiated, involving however only insignificant amounts in dispute.

#### **Arbitration submitted by Fino 1 Securitization S.r.l.**

On 21 July 2022, the parent company UniCredit S.p.A. and the vehicle Arena NPL One S.r.l. (the **Sellers**) received a request for arbitration submitted by the securitization vehicle Fino 1

Securitization S.r.l. (**Fino 1**) to the International Chamber of Commerce (**ICC**) (the **Request**), by which Fino 1 requests damages to the Sellers in relation to the alleged violation of certain representation and warranties included in a 2017 transfer agreement. The proceedings are ongoing.

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

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

On 11 June 2019, UCB AG and UniCredit Capital Markets LLC were named, among other financial institutions, as defendants in a putative class action already pending in the United States District Court for the Southern District of New York. The third amended class action complaint, filed on 3 December 2019, alleges a conspiracy among dealers of Euro-denominated bonds issued by European central banks to fix and manipulate the prices of those bonds, among other things by widening the bid-ask spreads they quoted to customers.

The putative class consists of those who purchased or sold Euro-denominated bonds issued by European central banks in the US between 2007 and 2012. On 23 July 2020, the court granted motions to dismiss the third amended complaint by certain defendants, including UCB AG and UniCredit Capital Markets LLC, without prejudice. Plaintiffs filed their fourth amended class action complaint on 9 February 2021, repleading their claim against UCB AG and UniCredit Capital Markets LLC and other financial institutions. Like earlier pleadings, the fourth amended class action complaint does not include a quantification of damages claimed. Exchange of correspondence concerning motions to dismiss the fourth amended complaint has been completed, and in June 2021 defendants have requested a pre-motion conference with the court. On 14 March 2022, the court granted UC Capital Markets LLC motion to dismiss while denying UCB AG's motion to dismiss. The court has since denied UCB AG's motion for reconsideration, and UCB AG has answered the operative complaint.

### **Proceedings related to claims for Withholding Tax Credits**

On 31 July 2014, the Supervisory Board of UCB AG concluded its internal investigation into the so-called "cum-ex" transactions (the short selling of equities around dividend dates and claims for withholding tax credits on German share dividends) at UCB AG.

In this context, criminal investigations have been conducted against current or former employees of UCB AG and UCB AG itself as an ancillary party by the Prosecutors in Frankfurt am Main, Cologne and Munich. With respect to UCB AG, all proceedings originally initiated by the aforesaid prosecution offices were finally closed with payment of a fine or the payment of a forfeiture.

In December 2018, in connection with an ongoing investigation against other financial institutions and former bank employees, the Cologne prosecutor informed UCB AG of the initiation of a new investigation in connection with an administrative offence regarding "cum-ex" transactions involving Exchange Traded Funds ("ETF"). In April 2019, these investigations were extended to so called Ex/Ex-transactions, in which an involvement of the bank in the

sourcing of cum/ex transactions of other market participants on the ex-day is suspected. The facts are being examined internally. UCB AG is cooperating with the Authorities.

On 28 July 2021, the Federal Criminal Court (**BGH**) rendered a decision through which the principle criminal liability of cum/ex structures had been determined the first time. With its decision of 6 April 2022, the BGH confirmed a criminal judgment in another cum-ex case of the Municipal Court of Bonn, thus solidifying its case law. UCB AG is monitoring the development.

The Munich tax authorities are currently performing a regular field audit of UCB AG for the years 2013 to 2016, which includes, among other things, a review of transactions in equities around the dividend record date (so called cum/cum transactions). During these years, UCB AG performed, among other things, securities-lending transactions with different domestic counterparties which include, but are not limited to, different types of cum/cum transactions. It remains to be clarified whether, and under what circumstances, tax credits can be obtained or taxes refunded with regard to different types of transactions carried out close to the dividend record dates, and what the further consequences for the bank will be in the event of different tax treatment. It cannot be ruled out that UCB AG might be exposed to tax-claims in this respect by relevant tax-offices or third party claims under civil law. UCB AG is in constant communication with relevant regulatory authorities and the competent tax authorities regarding these matters. In this context, UCB AG is considering the latest view of the German Tax Authorities. UCB AG is also monitoring the current development following an important decision of the Federal Tax Court (**BFH**) dated 29 September 2021, through which the BFH acknowledged the transfer of economic ownership in case of a stock loan transaction contrary to a previous decision.

UCB AG has made provisions.

#### **Proceedings relating to certain forms of banking transactions.**

The UniCredit Group is named as a defendant in several proceedings in matters connected to its operations with clients, which are not specific to UniCredit Group, rather affect the financial sector in general.

In this regard, as at 30 June 2022 (i) proceedings against the parent company UniCredit S.p.A. pertaining to compound interest, typical of the Italian market, had a total claimed amount of Euro 1.03 billion, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against the parent company UniCredit S.p.A. was Euro 366 million, mediations included) and the German market (for which the claimed amount against UCB AG was Euro 31 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CE&EE countries (for which the claimed amount was around Euro 174 million).

The proceedings pertaining to compound interest mainly involve damages requests from clients arising from the alleged unlawfulness of the calculation methods of the amount of interest payable in connection with certain banking contracts. At present, the parent company UniCredit S.p.A. has made provisions that it deems appropriate for the risks associated with these claims.

With regard to the litigation connected to derivative products, several financial institutions, including UniCredit Group companies, entered into a number of derivative contracts, both with institutional and non-institutional investors. In Germany and in Italy there are a number of pending proceedings against certain Group companies that relate to derivative contracts concluded by both institutional and non-institutional investors. The filing of such litigations affects the financial sector generally and is not specific to the parent company UniCredit S.p.A. and its Group companies. At present, the parent company UniCredit S.p.A. and the involved

Group companies have made provisions deemed appropriate based on the best estimate of the impact which might derive from such proceedings.

With respect to proceedings relating to foreign currency (**FX**) loans, in the last decade, a significant number of customers in the Central and Eastern Europe area took out these types of loans and mortgages denominated in a foreign currency. In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of the parent company UniCredit S.p.A. in a number of CE&EE countries including Croatia, Slovenia and Serbia.

In 2015, the Republic of Croatia enacted amendments to the Consumer Lending Act and Credit Institutions Act mandating the conversion with retroactive effect of Swiss franc (CHF)-linked loans into Euro-linked (the “Conversion Amendments”).

In 2019, the Supreme Court of the Republic of Croatia ruled that the CHF currency clause contained in certain loan and mortgage documentation was invalid. Accordingly, in the course of 2019, court decisions, recent court practice related to FX matters along with the expiration of the statute of limitation for filing individual lawsuits in respect of the invalidity of the interest rate clause, led to a significant increase in the number of new lawsuits against Zagrebačka Banka (**Zaba**). In March 2020, the Supreme Court ruled that agreements entered into following the Conversion Amendments whereby customers converted their CHF mortgages and/or loans into EUR are valid and accordingly no additional payments are due. In October 2020 the Supreme Court, as well as one additional lower court, approached the European Court of Justice (the **ECJ**) with a request for preliminary ruling asking for an interpretation on the applicability of the Directive on unfair terms in consumer contracts and consequently whether a consumer who converted its loan in accordance with the terms of the of the Conversion Amendments is entitled to additional payments. The Supreme Court withdrew its request, while the other case is still pending. In this respect, in May 2022, the ECJ rendered a preliminary ruling regarding the pending request and stated that i) the ECJ has jurisdiction only in respect to the conversion agreement concluded after Croatia's accession to the EU, ii) the above mentioned Directive on unfair terms is not applicable in cases in which the conversion was based on national law; and iii) any request for payment of amounts addressed to Zaba referring to the unfair contractual terms of the original loan agreement cannot be based on the provisions of the above-mentioned Directive. The ECJ also referred to the local courts to finally decide on the conversion agreements and their effects. In March 2021 the Constitutional Court rejected Zaba's application related to the invalidity of the Swiss franc currency clause. In light of the above, provisions have been booked which are deemed appropriate.

#### **VIP 4 Medienfonds**

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

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

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

### **Vanderbilt related litigations**

#### **Claims brought or threatened by or on behalf of the State of New Mexico or any of its agencies or funds**

Vanderbilt Financial LLC (**VCA**) related litigations, where Pioneer Investment Management USA Inc., Pioneer Global Asset Management S.p.A. (**PGAM**), at the time controlled by UniCredit and incorporated by the latter in 2017, and the parent company UniCredit S.p.A. (the **Defendants**) were named as additional defendants by virtue of their corporate affiliation with VCA, including in legal proceedings brought by a former employee of the State of New Mexico (the **Public Authority**), who claimed to act as representative of the Public Authority for the losses suffered by the State of New Mexico during the 2006-08 market downturn on investments managed by VCA (mainly CDOs). The total amount of losses claimed in those proceedings is approximately \$365 million. In 2012, the Defendants reached a settlement agreement for an amount of \$24.25 million and the settlement amount was deposited into escrow at the beginning of 2013.

The settlement is contingent on the Court's approval, but that process was temporarily delayed pending the determination by the New Mexico Supreme Court of a legal matter in a separate lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 the Defendants and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing in April 2016 and in June 2017 approved the settlement and directed that the claims against VCA and the Defendants be dismissed. A judgment to that effect was entered in September 2017 and a motion by the former State employee seeking to set aside that judgment was denied by the Court in October 2017. Appeals from the judgment and the subsequent order were taken in October and November 2017 and in June 2020, the New Mexico Court of Appeals affirmed that judgment. A motion for rehearing was subsequently denied. In October 2020 the New Mexico Supreme Court declined to hear a further appeal, but the former State employee subsequently petitioned for rehearing, and that motion was denied in April 2022. All remaining appellate deadlines have subsequently expired and the litigation is now concluded. The parties are now taking the final steps to implement the settlement during July and August 2022. Once that happens, the escrowed amount will be paid over to the State of New Mexico and the Defendants, including UniCredit, will all be released from all the claims that were or could have been brought by or on behalf of the State or any of its agencies or funds.

### **Alpine Holding GmbH**

Legal proceedings against UCB Austria arose from bondholders' claims commenced in June/July 2013. The claims stemmed from the insolvency of Alpine Holding GmbH, as UCB Austria acted as joint lead manager, together with another bank, for the undertaking of Alpine Holding GmbH bond issues in 2010 and 2011. Bondholders' claims are mainly referred to prospectus liability of the joint lead manager, whereas a minority of the cases is based on misselling due to allegedly unlawful investment advice. The damage claims amount to Euro 20.21 million. These proceedings are mainly pending in the first instance and may be adverse to UCB Austria.

Most recently, the expert appointed by the Court in the majority of the civil proceedings has issued a report largely in favour of UCB Austria and the other issuing banks. Investors have a different reading of the report and have requested that the expert answers supplementary questions, as did the issuing banks. The processing of the supplementary questions is still pending. Therefore, the final outcome of the expert report cannot be assessed as of yet.

In addition to the ongoing proceedings against UCB Austria stemming from the Alpine insolvency, additional Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UCB Austria. Despite the favourable expert opinion mentioned above, at the moment it is impossible to estimate reliably the timing and results of the various actions, nor determine the level of liability, if any.

### **Valauret S.A.**

Civil claim filed in 2004 by Valauret S.A. and Hughes de Lasteyrie du Saillant for losses resulting from the drop in the share price, between 2002 and 2003, including allegations on alleged fraudulent actions by members of the company's Board of directors and others. UCB Austria (as successor to Creditanstalt) was joined as the fourteenth defendant in 2007 based on the fact that it was banker to one of the defendants. The total claimed amount is equal to Euro 129.86 million (plus costs Euro 4.39 million). Furthermore, in 2006, before the action was extended to UCB Austria, the civil proceedings were suspended following the opening of criminal proceedings by the French State that are underway. In December 2008, the civil proceedings were also suspended against UCB Austria. UCB Austria has been informed by the Paris Commercial Court that the case was removed from the Court's register on June 17, 2021, at Valauret's request. Valauret's claim is likely time-barred.

### **Bitminer Litigation in the Republic of Srpska, Bosnia and Herzegovina**

In 2019, a local customer, Bitminer Factory d.o.o. Gradiška (**Bitminer**), filed a lawsuit before the District Commercial Court in Banja Luka claiming damages for unjustified termination of its current bank accounts by UniCredit Bank a.d. Banja Luka (**UCBL**), a subsidiary of the parent company UniCredit S.p.A. in Bosnia and Herzegovina, Republic of Srpska. Bitminer alleged that termination of the accounts obstructed its initial coin offering (ICO) relating to a start-up renewable-energy-powered cryptocurrency mining project in Bosnia and Herzegovina.

On 30 December 2021, the first instance court adopted most of Bitminer's claims and ordered UCBL to pay damages in the amount of BAM 256,326,152 (approximately Euro 131.2 million). The appeal was filed in January 2022. The first instance court decision is not final, binding and enforceable. The ultimate liability of UCBL, if any, will be determined only after all ordinary legal remedies have been exhausted, and in any case not before the final and binding decision of the appellate court.

### **Divania S.r.l.**

In 2007, Divania S.r.l. (now in bankruptcy) (**Divania**) filed a lawsuit in the Court of Bari against UniCredit Banca d'Impresa S.p.A. (then UniCredit Corporate Banking S.p.A. and now UniCredit S.p.A.) alleging violations of law relating, inter alia, to financial products in relation to certain rate and currency derivative transactions entered into between January 2000 and May 2005 first by Credito Italiano S.p.A. and subsequently by UniCredit Banca d'Impresa S.p.A. (now UniCredit S.p.A.), demanding damages in the amount of Euro 276.6 million, legal fees and interest. Divania also sought the nullification of a 2005 settlement reached by the parties in which Divania had agreed to waive any claims in respect of the transactions. In 2017, the Court of Bari ordered the parent company UniCredit S.p.A. to pay approximately Euro 7.6 million plus interests and part of the expenses in favour of Divania's bankruptcy trustee and

found that it did not have jurisdiction to rule on certain of Divania's claims. The parent company UniCredit S.p.A. appealed.

Divania subsequently filed two additional lawsuits before the Court of Bari: (i) one for Euro 68.9 million in 2009 (subsequently increased to Euro 80.5 million), essentially mirroring the claims brought in its lawsuit filed in 2007; and (ii) a second one for Euro 1.6 million in 2006. With respect to the first lawsuit, in May 2016, the Court of Bari ordered the parent company UniCredit S.p.A. to pay approximately Euro 12.6 million plus costs. The parent company UniCredit S.p.A. appealed. With respect to the second lawsuit, in 2015, the Court of Bari rejected Divania's original claim and the judgment has res judicata effect. The two proceedings still pending were consolidated and in September 2021 the Court of Appeal of Bari reversed the judgment in the case commenced by Divania in 2007 – ordering the latter to return the sum awarded by the first-instance Court plus costs (for a total of Euro 9.3 million) to the parent company UniCredit S.p.A. – and confirmed the judgment in the case commenced in 2009 by Divania (which had ordered the parent company UniCredit S.p.A. to pay an amount of Euro 13.3 million). The judgment of the Court of Appeal became final.

### **I Viaggi del Ventaglio Group (IVV)**

In 2011, IVV DE MEXICO S.A., TONLE S.A. and the bankruptcy trustee of IVV INTERNATIONAL S.A. filed a lawsuit against the parent company UniCredit S.p.A. in the Court of Milan demanding approximately Euro 68 million in damages (settled in May 2021). In 2014, the bankruptcy trustees of IVV Holding S.r.l. and IVV S.p.A. filed two additional lawsuits against the parent company UniCredit S.p.A. in the Court of Milan demanding Euro 48 million (settled in July 2018) and Euro 170 million (reduced to Euro 0.7 million and then settled in June 2022), respectively, in damages. In October 2019, the bankruptcy trustee of I Viaggi del Ventaglio Resorts Ventaglio Real Estate S.r.l. filed an additional lawsuit in the Court of Milan against the parent company UniCredit S.p.A. demanding a total of Euro 12.8 million in damages. A decision is awaited.

### **Lawsuit brought by “Paolo Bolici”**

In May 2014, the company wholly owned by Paolo Bolici sued the parent company UniCredit S.p.A. in the Court of Rome asking for the return of approximately Euro 12 million for compound interest (including alleged usury component) and Euro 400 million for damages. The company then went bankrupt. The parent company UniCredit S.p.A. won the case in the first instance and the appeal is pending.

On 31 July 2020, Mr. Bolici's business partner sued the parent company UniCredit S.p.A., seeking damages based on analogous facts to those alleged in the 2014 proceedings. The Court ruled in favour of UniCredit. The appeal filed by the other party is pending.

### **Mazza**

In 2005 the parent company UniCredit S.p.A. filed a criminal complaint against a Notary, Mr. Mazza, representatives of certain companies and disloyal employees of the parent company UniCredit S.p.A. in relation to unlawful lending transactions in favour of certain clients for approximately Euro 84 million. The criminal court of first instance acquitted the defendants.

The Court of Appeal of Rome reversed this decision and found all the defendants guilty. Following a further appeal, while stating that some accusations were time-barred, the Supreme Court confirmed the decisions of the Court of Appeal in respect of the damages sought by UniCredit. In May 2022, the insurance company indemnified the parent company UniCredit S.p.A. under the applicable policy, paying an amount of Euro 33.5 million in relation to the losses suffered by UniCredit.

Following the acquittal in the first-instance criminal proceedings, Mr. Mazza and other persons involved in the criminal proceedings filed two lawsuits for compensation claims against the parent company UniCredit S.p.A.: (i) the first (commenced by Mr. Mazza with a claimed amount of approximately Euro 15 million) was won by UniCredit at first-instance and the judgment is now final; (ii) in the second (commenced by Como S.r.l. and Mr. Colella with a claimed amount of approximately Euro 379 million) case the Court of Rome ruled in favour of the parent company UniCredit S.p.A. The plaintiffs have appealed and reduced the claimed amount to Euro 100 million.

### **So.De.Co. - Nuova Compagnia di Partecipazioni S.p.A.**

As part of a restructuring, in 2014, Ludoil Energy S.r.l. (**Ludoil**) acquired the “oil” business from Nuova Compagnia di Partecipazione S.p.A. (**NCP**). In March 2016, So.De.Co., a wholly owned subsidiary of Ludoil, filed a lawsuit in the Court of Rome against its former directors, NCP, the parent company UniCredit S.p.A. (in its capacity as holding company of NCP) and the external auditors (PricewaterhouseCoopers S.p.A. and Deloitte & Touche S.p.A.) claiming damages of approximately Euro 94 million for allegedly failing to provision properly for supposed environmental risks and thereby causing the inflation of the sale price paid by Ludoil. In November 2019, the Court rejected So.De.Co.’s claims in their entirety and ordered it to pay costs in favour of the defendants. So.De.Co. appealed the judgment and reduced its claim to approximately Euro 17 million. In June 2022, the Court of Appeal confirmed the first-instance decision. In November 2017, So.De.Co. filed a separate lawsuit against NCP and its former directors. The defendants won the case in first and second instance and the plaintiff may now appeal to the Supreme Court. In February 2019, NCP commenced an arbitral proceeding against Ludoil (So.De.Co.’s sole shareholder). The proceedings are ongoing.

### **Criminal proceedings**

Certain entities within UniCredit Group and certain of its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as the parent company UniCredit S.p.A. is aware, are under investigation by the competent authorities with regard to various cases linked to banking transactions, including, specifically, in Italy, the offence pursuant to Article 644 (usury) of the Italian Criminal Code.

At present, these criminal proceedings have had no significant negative impact on the operating results and capital and financial position of the parent company UniCredit S.p.A. and/or the Group, however there is a risk that, if the parent company UniCredit S.p.A. and/or other UniCredit Group entities or their representatives (including those no longer in office) were to be convicted, these events could have an impact on the reputation of the parent company UniCredit S.p.A. and/or UniCredit Group.

In relation to the criminal proceedings relating to the diamond offer, see the following paragraph "Diamond offer".

### **Labour-related litigation**

UniCredit is party to a number of employment law disputes. In general, all employment law disputes are supported by provisions made to meet any disbursements incurred and, in any case, UniCredit does not believe that any liabilities related to the outcome of the pending proceedings could have a significant impact on its economic and/or financial condition.

## **Lawsuits filed against UniCredit S.p.A. by members of the former Cassa di Risparmio di Roma Fund**

Lawsuits have been brought against UniCredit by members of the former Cassa di Risparmio di Roma Fund. These lawsuits are now pending before the Italian Supreme Court (*Corte di Cassazione*) after two degree decisions favourable to UniCredit. The main claim is a request that the funding levels of the former Cassa di Risparmio di Roma Fund be restored and that the individual social security accounts of each member be assessed and quantified. With reference to the main claim, the relief sought is estimated at Euro 384 million.

No provisions were made as these actions are considered to be unfounded.

## **Diamond offer**

Over the years, within the diversification of investments to which the available assets are addressed and also considering in this context those investments with the characteristics of the so-called "safe haven" with a long-term horizon, several UniCredit's customers have historically invested in diamonds through a specialised intermediary company, with which the Bank has stipulated, since 1998, a collaboration agreement as "Introducer", in order to regulate the "reporting" methods of the offer of diamonds by the same company to UniCredit customers.

Since the end of 2016, the liquidity available on the market to meet the requests of customers who intended to divest their diamond assets has contracted to a certain extent until it became nil, with the suspension of the service by the brokerage company.

In 2017 UniCredit started a "customer care" initiative which envisaged the availability of the Bank to intervene for the acknowledgement towards the customer of the original cost incurred for the purchase of precious items and the consequent withdrawal of the stones, upon certain conditions.

The initiative has been adopted assessing the absence of responsibility for its role as "Introducer"; nevertheless, the AGCM ascertained UniCredit's responsibility for unfair commercial practice (confirmed in appeal by the Administrative Regional Court in the second half of 2018), imposing, in 2017, a fine of Euro 4 million paid in the same year. Following the appeal filed by UniCredit against such ruling, the Administrative Tribunal in second instance reduced the fine imposed on UniCredit to Euro 2.8 million.

On 8 March 2018, a specific communication was issued from Banca d'Italia concerning the "Related activities exercisable by banks", in which large attention was given to the reporting at the bank branches of operations, purchase and sale of diamonds by specialised third-party companies.

In order to cope with the probable risks of loss related to the repurchases of diamonds, a dedicated Provision for risks and charges was set up; its quantification was also based on the outcome of an independent study (commissioned to a primary third company) aiming at evaluating the diamonds' value. Finally, in line with a strategy that envisages its disposal in the short term, the gems purchased are recognised for about Euro 53.56 million in item "120. Other assets" of the balance sheet.

On 19 February 2019, the judge in charge of the preliminary investigation at the Court of Milan issued an interim seizure directed to UniCredit and other financial institutions aimed at: (i) direct confiscation of the amount of Euro 33 million against UniCredit for the offence of aggravated fraud and (ii) indirect as well as direct confiscation of the amount of Euro 72

thousand for the offence of self-laundering against UniCredit. From the seizure order it emerges that investigations for the administrative offence under Article No. 25-*octies* of Legislative Decree No. 231/2001 are pending against UniCredit for the crime of self-laundering.

On 2 October 2019, the Bank and certain individuals received the notice of conclusion of the investigations pursuant to Article 415-*bis* of the Italian Code of criminal procedure. The notice confirmed the involvement of certain current and former employees for the offence of aggravated fraud and self-laundering. With regard to the latter, self-laundering serves as a predicate crime for the administrative liability of the Bank under Legislative Decree No. 231/2001.

In September 2020, a new notice pursuant to Article 415-*bis* of the Italian Code of Criminal Procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit individuals only pertain to the offence of fraud. Such new allegations do not modify the overall investigative framework as per the notice served in the autumn of 2019. In June 2021 the public prosecutor issued the formal request of indictment against certain current and former employees. The case was transferred to the Prosecution Office of Trieste following jurisdiction challenges made by the suspected individuals. The case, which had reached the preliminary hearing phase, is back at the investigations stage. The interim seizure of Euro 33 million ordered in February 2019 has been lifted.

As far as the customer care initiative is concerned, at 30 June 2022, UniCredit received reimbursement requests for a total amount of about Euro 412 million (cost originally incurred by the Clients) from No.12,335 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalisation of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the "customer care" initiative, and then proceed with the settlement where conditions recur; with reference to the scope outlined above (Euro 412 million), UniCredit reimbursed No.11,713 customers for about Euro 400 million (equivalent value of original purchases), equal to about 97 per cent. of the reimbursement requests said above.

#### Proceedings related to Tax matters

##### **Pending cases arising during the period**

The increase of new cases are not relevant, both in terms of value and in principle.

##### **Updates on pending disputes and tax audits**

With reference to 30 June 2022, the following information is reported.

- The dispute started by UniCredit as Palmaria S.c.r.l. assignee against the silent-reject Tax Authority Agrigento for tax credit from 770 model year 1992 of Cassa Rurale di Palma di Montechiaro – total value Euro 0.68 million for capital: the Supreme Court with definitive decision dated 31 January 2022 accepted the appeal by Avvocatura dello Stato providing the referral of the dispute at the second-degree Tax Court; UniCredit will continue the proceeding in terms of law.
- The dispute started by UniCredit following the denial of refund for TARSU fiscal year 2008 of former Banco di Sicilia – total value Euro 0.67 million: on 27 January 2022 the second-degree Tax Court Sicilia filed the decision recognizing the right to the refund. The terms of law for appealing the sentence by Tax Authority at the Supreme Court are ongoing; UniCredit will continue the proceeding in terms of law.

- The appeal for compliance with the order of the Supreme Court filed on 15 June 2021 which recognized UniCredit's right to refund of the registration fee unduly paid, value Euro 1.7 million: UniCredit enrolled the dispute before the second-degree Tax Court Sicilia on 10 March 2022.
- The dispute relating to payment tax orders, notified on 26 January 2021 for COSAP (fee for the occupation of public ground), value Euro 0.12 million: in relation to one of the three positions, the hearing for the examination was held on 17 May 2022 of the preliminary requests (the hearing for the closing argument requests was set for 18 April 2023).
- The dispute started by UniCredit following a tax notice for incorrect application of registration fee, value Euro 0.07 million: it was discussed on 10 June 2022; UniCredit is waiting for the issue of judgement.
- The dispute started by UniCredit following the partial denial of the IRES refund related to fiscal years 2007, 2008 and 2009, value Euro 1.9 million: UniCredit on 16 May 2022 filed an appeal against the unfavorable decision of the first-degree Tax Court Milano.
- The dispute started by former Cassa di Risparmio di Torino (now UniCredit S.p.A.) against the silent-reject of a refund request for ILOR credit fiscal year 1984 – total value Euro 1.6 million: UniCredit has decided to reassume the judgment before the second-degree Tax Court Piemonte; the dispute has been filed by end of July by Lawyer in charge.

With reference to the settlement of tax litigations, the following information is reported:

- Passive dispute: relating to registration fee on judicial documents, total value Euro 1.2 million: the Supreme Court, with a statement filed on 31 March 2022, definitively rejected the appeal of Avvocatura dello Stato. UniCredit will also proceed to recover the legal fees settled in its favor.
- Active dispute: introduced by the former Cassa di Risparmio di Torino (now UniCredit S.p.A.) against the silent denial formed on refund request for IRPEG credit fiscal year 1984, value Euro 1.85 million (capital share). The Supreme Court, with a definitive judgement filed on 23 May 2022, statued the refund's right for UniCredit.
- Passive dispute: introduced against the tax notice for register fee of judicial documents, value 0.28 million. The second -degree Tax Court Lazio with a definitive judgment on 2 June 2022, annulled the tax notice, confirming the first-grade Tax Court decision. UniCredit will send a request refund for the fee already paid.

With regard to a set of No. 6 litigations concerning tax refund claims filed by Banca Farmafactoring S.p.A. and referred to UniCredit following the exercise by Banca Farmafactoring of the right to transfer back the receivables previously transferred to it by UniCredit, the following is reported:

- Cassa di Risparmio Reggio Emilia's credit: the pending dispute only concerns the refund of a share of interest totaling Euro 0.31 million: UniCredit is about to submitting a new refund request claim to the Tax Authorities; if this new request will be denied, the denial will be challenged before the Tax Court;
- Cassa di Risparmio Reggio Emilia's credit: refund totaling Euro 1.89 million for IRPEG 1989 and related interest, totaling Euro 1.81 million: on 26 April 2022 UniCredit notified to Avvocatura dello Stato his defending appeal with conditional request.

- Bonifiche Siele Finanziaria S.p.A.'s credit: refund of Euro 0.47 million for IRPEG 1992 and related interest of Euro 0.38 million: the case is pending in second-degree Tax Court Lazio; the appeal was set by Banca Farma Factoring (**BFF**).
- Romaleasing S.p.A.'s credit: refund of Euro 0.17 million (and interest Euro 0.16 million) for ILOR fiscal year 1991 and Euro 0.23 million (and interest of Euro 0.18 million) for the IRPEG fiscal year 1993: the case is pending before the second-degree Tax Court Lazio; the appeal was set by BFF.
- Banca Mediterranea S.p.A.'s credit: IRPEG refund for fiscal years 1994-1997 and ILOR for fiscal year 1996, value Euro 31 million for tax and interest: the hearing has been further postponed to 24 June 2022. UniCredit is waiting for the issue of judgement.
- Banca di Roma S.p.A.'s credit: refund IRPEG fiscal year 1997: total value Euro 43.45 million (Euro 28.69 million for tax capita and Euro 14.76 million for interest): the case is pending in front of the second-degree Tax Court; the appeal was set by UniCredit in September 2020. The court hearing has not yet been set.

Concerning the Tax Audit involving UniCredit Leasing S.p.A for VAT fiscal years 2016-2017, with reference to the 2017 tax period, the Guardia di Finanza has concluded the verification activity for both IRES and VAT purposes and on 7 April 2022, it notified the report of findings:

- for IRES purposes, the outcome of the verification is regular; and
- for VAT purposes, the irregularity for Euro 0.38 million was highlighted, relating to invoices of customers, however acknowledging the “bona fide” of the bank. Prudently UniCredit Leasing S.p.A. allocated Euro 0.96 million to the provision for risks and charges.

#### Proceedings connected with Supervisory Authority Measures

UniCredit Group is subject to complex regulation and supervision by, *inter alia*, the Bank of Italy, CONSOB, the EBA, the ECB within the European System of Central Banks (**ESCB**), as well as other supervisory authorities. In this context, the UniCredit Group is subject to normal supervision by the competent authorities. Some supervisory actions have resulted in investigations and charges of alleged irregularities that are in progress as at 5 August 2022. The Group has acted to prove the regularity of its operations and does not believe that these proceedings could have relevant effects on the financial situation or profitability of the Issuer and/or the UniCredit Group.

In this regard it should be noted that on 5 February 2020, the Italian Personal Data Protection Authority notified UniCredit of the start of sanctioning proceedings regarding a violation of customers' personal data following a cyber-attack (data breach) occurred in October 2018, communicated through its Group website on 22 October 2018. As required by the “Italian personal data protection Code” (Article 166, paragraph 6, of Legislative Decree 196/03) the Bank has presented its statement of defence on the matter and requested a hearing with the Authority to explain its arguments, held in the end of September 2020. It is currently not possible to define the timeline and outcome of the proceedings.”

- The sub-paragraph “*Memorandum and Articles of Association*” of the paragraph titled “*Additional Information*” in the “*Description of UniCredit and the UniCredit Group*” section, on page 270 of the Base Prospectus, is deleted in its entirety and replaced as follows:

#### **“7.2 Memorandum and Articles of Association**

The Issuer was established in Genoa, Italy by way of a private deed dated 28 April 1870.

The Issuer is registered with the Company Register of Milano-Monza-Brianza-Lodi under registration number, fiscal code and VAT number no. 00348170101.

The current Articles of Association was registered with the Company Register of Milano-Monza-Brianza-Lodi on 27 July 2022.

Pursuant to Clause 4 of the Articles of Association, the purpose of the Issuer is to engage in deposit-taking and lending in its various forms, in Italy and abroad, operating wherever in accordance with prevailing provisions and practice. It may execute, while complying with prevailing legal requirements, all permitted transactions and services of a banking and financial nature. In order to achieve its corporate purpose as efficiently as possible, the Issuer may engage in any activity that is instrumental or in any case related to the above. The Issuer, in compliance with current legal provisions, may issue bonds and acquire shareholdings in Italy and abroad.”

## ***General Information***

The “*General Information*” section of the Base Prospectus is amended as follows:

- The paragraph “*Significant or material adverse change*” in the “*General Information*” section on page 298 of the Base Prospectus is deleted in its entirety and replaced as follows:

*“Material adverse change in the prospects of the Issuer and significant change in the financial performance of the Group*

The current market environment is still characterized by uncertainties due to the Russia/Ukraine conflict and related spill-over macroeconomic effects and by the persisting COVID-19 pandemic that could have potential impacts also on the financial markets, the unexpected materially adverse impact of which on the profitability of the Issuer, in particular in terms of operating income and cost of risk, cannot be finally assessed as at 5 August 2022. Except for the possible impact of the Russia/Ukraine conflict and related spill-over effect and COVID-19 crisis indicated above, there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements as at 31 December 2021.

There has been no significant change in the financial performance of the Group since 30 June 2022 as at 5 August 2022.

### *Significant change in the Issuer’s financial position*

The current market environment is still characterized by uncertainties due to the Russia/Ukraine conflict and related spill-over effect and by the persisting COVID-19 pandemic that could have potential impacts also on the financial markets, the unexpected materially adverse impact of which on the profitability of the Group, in particular in terms of operating income and cost of risk, cannot be finally assessed as at 5 August 2022. Except for the possible impact of the Russia/Ukraine conflict and related spill-over effect and COVID-19 crisis indicated above, there has been no significant changes in the financial position of the Group which has occurred since 30 June 2022.”

- The paragraph “*External Auditors*” in the “*General Information*” section on page 299 of the Base Prospectus is deleted in its entirety and replaced as follows:

### **“EXTERNAL AUDITORS**

UniCredit’s annual financial statements must be audited by external auditors appointed by its shareholders, under reasoned proposal by UniCredit’s Board of Statutory Auditors. The shareholders’ resolution and the Board of Statutory Auditors’ reasoned proposal are communicated to CONSOB. The external auditors examine UniCredit’s annual financial statements and issue an opinion regarding whether its annual financial statements comply with the IAS/IFRS issued by the International Accounting Standards Board as endorsed by the European Union governing their preparation; which is to say whether they are clearly stated and give a true and fair view of the financial position and results of the Group. Their opinion is made available to UniCredit’s shareholders prior to the annual general shareholders’ meeting. Since 2007, following a modification of the Financial Services Act, listed companies may not appoint the same auditors for more than nine years.

At the ordinary and extraordinary shareholders’ meeting of UniCredit held on 11 May 2012, Deloitte & Touche S.p.A. (**Deloitte**) has been appointed to act as UniCredit’s external auditor for the 2013-2021 nine-year period, pursuant to Article 13, paragraph 1, of Legislative Decree no. 39/2010 and to CONSOB Communication 97001574 dated 20 February 1997.

Deloitte is a company incorporated under the laws of Italy, enrolled with the Companies’ Register of Milan under number 03049560166 and registered with the Register of Statutory Auditors (*Registro dei*

*Revisori Legali*) maintained by Minister of Economy and Finance effective from 7 June 2004 with registration number no: 132587, having its registered office at via Tortona 25, 20144 Milan, Italy.

Deloitte has audited and issued unqualified audit opinions – incorporated by reference in this Base Prospectus – on the consolidated financial statements of the UniCredit Group and on the financial statements of the Issuer for the year ended on 31 December 2021 and 31 December 2020.

Except for the financial information contained in the consolidated financial statements of the UniCredit Group and in the financial statements of the Issuer for the year ended on 31 December 2021 and 31 December 2020 and in the interim consolidated financial statements ended on 30 June 2022 and 30 June 2021, no other financial information has been verified by the auditors. Please note that KPMG S.p.A. has carried out the review of the condensed interim consolidated financial statements of UniCredit Group as at 30 June 2022.

The reports of the auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Base Prospectus.

No auditors have resigned, have been removed or have not been re-appointed during the financial statements 2020 and 2021.

Furthermore, it should be noted that, with regard to the expiration of the external auditors' engagement described above, at the shareholders' meeting of UniCredit held on 9 April 2020, KPMG S.p.A., with registered office at Via Vittor Pisani 25, Milan, registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) with registration number no: 00709600159, has been appointed to act as UniCredit's external auditors for the 2022-2030 nine-year period.”

## General

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

Copies of this Supplement and all documents or sections incorporated by reference in the Base Prospectus can be obtained free of charge from the office of the Issuer and from the specified office of the Paying Agents for the time being in London as described on page 343 of the Base Prospectus. Copies of this Supplement and all documents or sections incorporated by reference in the Base Prospectus will also be published on the website of UniCredit ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)), as well as on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

In accordance with Article 23(2a) of the Prospectus Regulation, investors who have agreed to purchase or subscribe for Notes issued under the Programme before this Supplement is published have the right, exercisable before the end of the period of three working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire by close of business on 10 August 2022. Investors can exercise their right to withdraw their acceptances by contacting the person from whom any such investor has agreed to purchase or subscribe for such notes before the above deadline.